EFInA
Enhancing Financial Innovation & Access

## Key Findings:

# EFInA Access to Financial Services in Nigeria 2018 Survey

**11 December, 2018**

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# A. Background

# Background

## About EFInA

- Enhancing Financial Innovation & Access (EFInA) is a financial sector development organization that promotes financial inclusion in Nigeria
- EFInA's vision is to be the leader in facilitating the emergence of an all-inclusive and growth-promoting financial system. EFInA adopts a holistic approach to impact the market at three levels – micro, meso and macro levels

## Leveraging A2F 2018 Surveys

- A2F research identifies the financial needs of the adult population and gives service providers data and analyses to develop innovative products to serve them
- It provides insights into regulatory and market obstacles to growth and innovation in the financial sector

## Approach & Methodology

- The A2F survey has been conducted biennially since 2008.
- The size of the participants included in each of the survey prior to 2018 A2F was 24,000 with a proportional representation across states.
- Nationally representative sample of Nigerian adults (18+) across all 36 states and FCT Abuja
- Results are weighted by the National Bureau of Statistics (NBS) to provide for the total adult population and benchmarked to national population estimates for verification

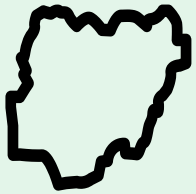
# Objectives of A2F 2018 Survey

- To describe the levels of financial inclusion (i.e. levels of access to financial products and services – both formal and informal)
- To describe the landscape of access (i.e. the type of products and services used by financially included individuals)
- To identify the drivers of, and barriers to financial access
- To stimulate evidence-based dialogue that will ultimately lead to effective public and private sector interventions that will increase and deepen financial inclusion
- To track financial inclusion trends in Nigeria and also to provide an assessment of changes due to interventions to enhance access and deepen inclusion

# Coverage And Methodology for the A2F 2018 Survey

**Design**

- Designed by the National Bureau of Statistics (NBS)
- Sampling of respondents was based on equal representation (750 respondents) per state
- Allows for statistically robust headline indicators of financial access at the state, regional and national level.



**Coverage**

- Nationally representative sample of Nigerian adults (18+) across all 36 States and FCT Abuja
- Achieved 27,470 interviews (97% of target sample of 28,380)
- Household listing and data collection conducted from August to October 2018 by Ipsos Nigeria – a research firm, with supervision by the National Bureau of Statistics (NBS)

**Questionnaire**

- The questionnaire (in English), was translated into and also administered in Hausa, Yoruba, Igbo and Pidgin English

**Results**

- Results were weighted by the NBS to provide for the total adult population.
- Also benchmarked to national population estimates for verification

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# B. Nigeria at a Glance

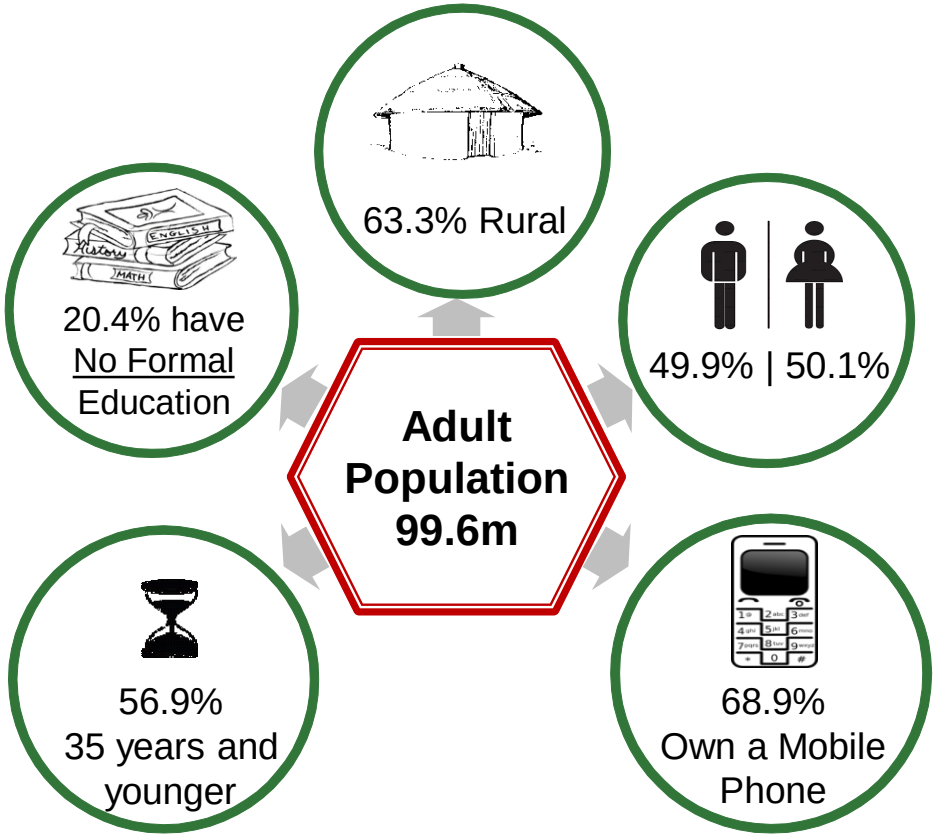
# Demographic Profile

**The Nigerian adult population (18 years and above) is 99.6 million**

**Of this adult population:**

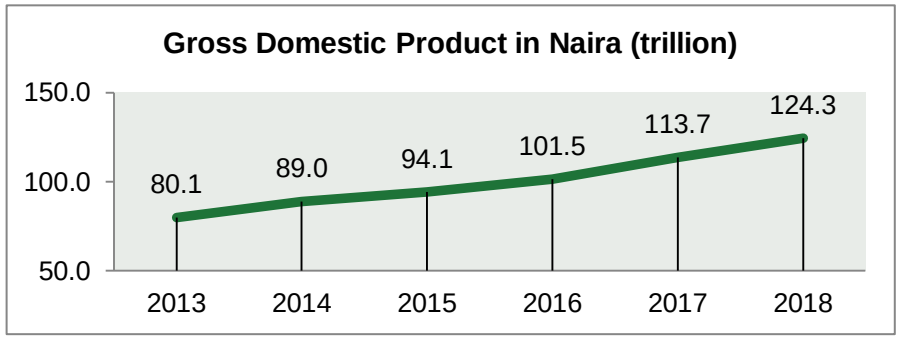
- **63.1m (63.3%) are based in rural areas**
- **49.9m (50.1%) are women**
- **56.7m (56.9%) are 35 years and younger**
- **20.2m (20.4%) have no formal education**

- **5.2 average household size**
- **1.6 average income earners per household**

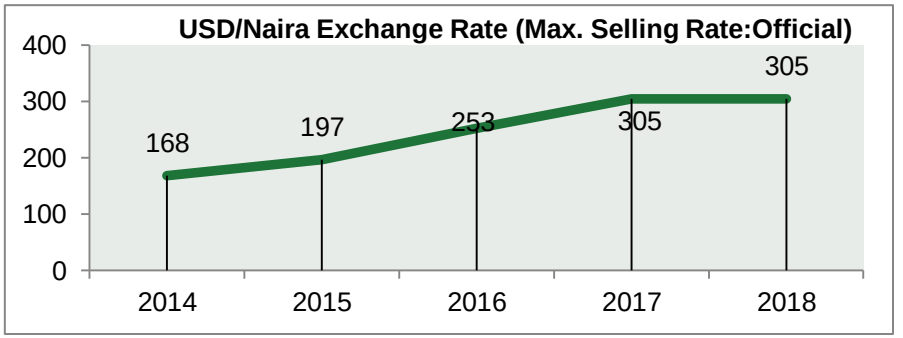



*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

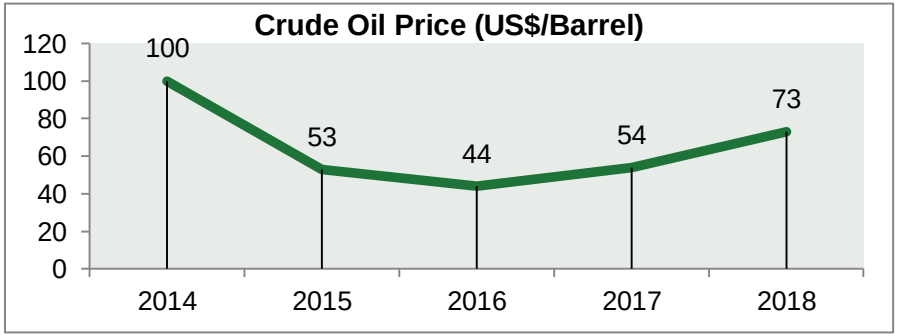
# Snapshot Of Key Economic Indicators – Nigeria (1 of 2)




Source: National Bureau Of Statistics (NBS)

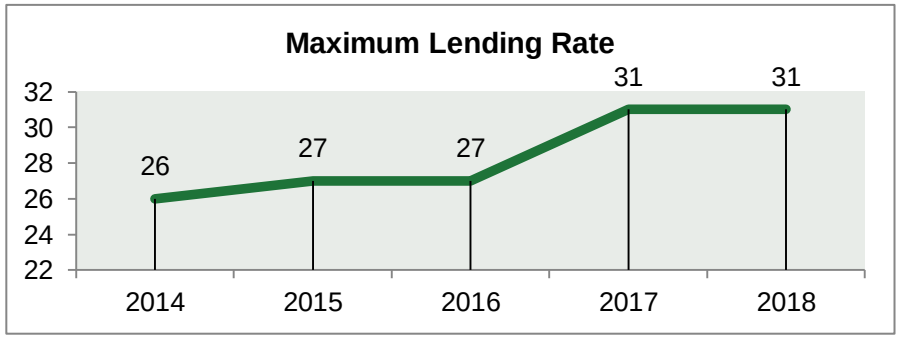



Source: Central Bank of Nigeria (CBN)

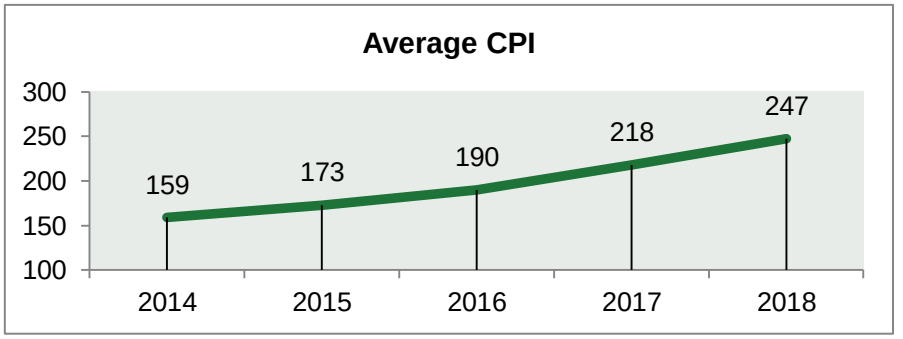



Source: Central Bank of Nigeria (CBN)

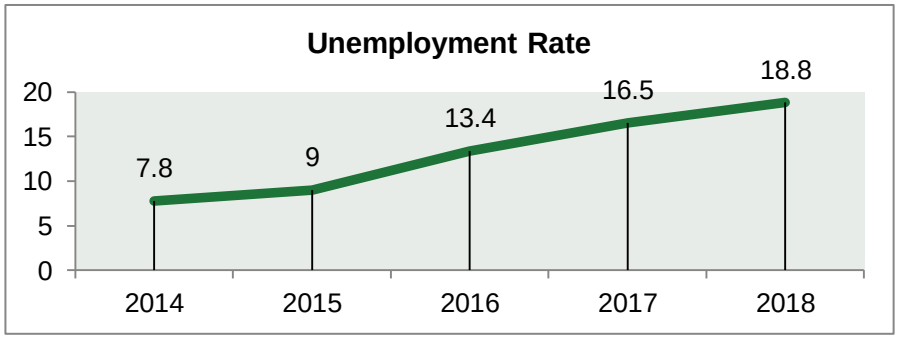
# Snapshot Of Key Economic Indicators – Nigeria (2 of 2)




Source: CBN (Money Market Indicators In Percentage)




The Consumer Price Index (CPI) measures the average change over time in prices of goods and services consumed by people for day-to-day living•
Source: National Bureau Of Statistics (NBS)




Source: National Bureau Of Statistics (NBS)

# Nigeria has exited economic recession but is slowly recovering

## Economy

- GDP grew by 0.6% from Q3 2017-Q3 2018
- Marginal increase in oil revenues due to rising oil prices
- Inflation dropped from 18% (Q3 2016) to 11% (Q3 2018)

## Population

- Unemployment continues to be on a sharp rise. The rate rose from 13.9% in Q4 2016 to 18.8% in Q4 2017.
- **Nigeria is out of the recession that started in the first half of 2016. However, the marginal improvement in economic growth is not positively impacting employment levels.**

*Source: NBS - Nigerian Gross Domestic Product Report (Expenditure and Income approach) Q3, 2018*

# Slow economic recovery is yet to impact individuals

| | Formal sector employment | Own business (non-farming) | Own business (farming) | Rely mainly on farming for income | Save regularly |
|---|---|---|---|---|---|
| | | | | | |
| % of adult population | 8% | 16.7% | 11.2% | 23.4% | 53.4% |
| Vs. 2016 | -1.0% | -2.9% | +1.1% | +4.3% | -8.2% |

| Formal sector employment comparison | % |
|---|---|
| South Africa | 36% |
| Kenya | 14% |
| India | 7% |
| Tanzania | 4% |

*Source: FS SA/FinAcces/FS Tanzania/India (ILO)*

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Slow economic recovery has resulted in more small businesses, largely in agriculture

**44.3 million**
Business owners

**+2.4m**

81.2% → 36.8m individual entrepreneurs

18.8% → 7.5m business owners with employees

Key sectors:

1. Agriculture (29.3%)
2. Artisan services (21.2%)
3. Retail (19.1%)
4. Other services (12.6%)
5. Construction (6.0%)

Business owners make important contribution to employment

Employing **22.9 million** people

- Micro enterprises (less than 10 employees) =94.8%
- Small enterprises (10 – 49 employees) = 5.2%

Creating about **67.2** million employment including owners

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

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# C. Financial Behaviour – Uptake and Usage
## *Deposit Money Banks (DMBs)*

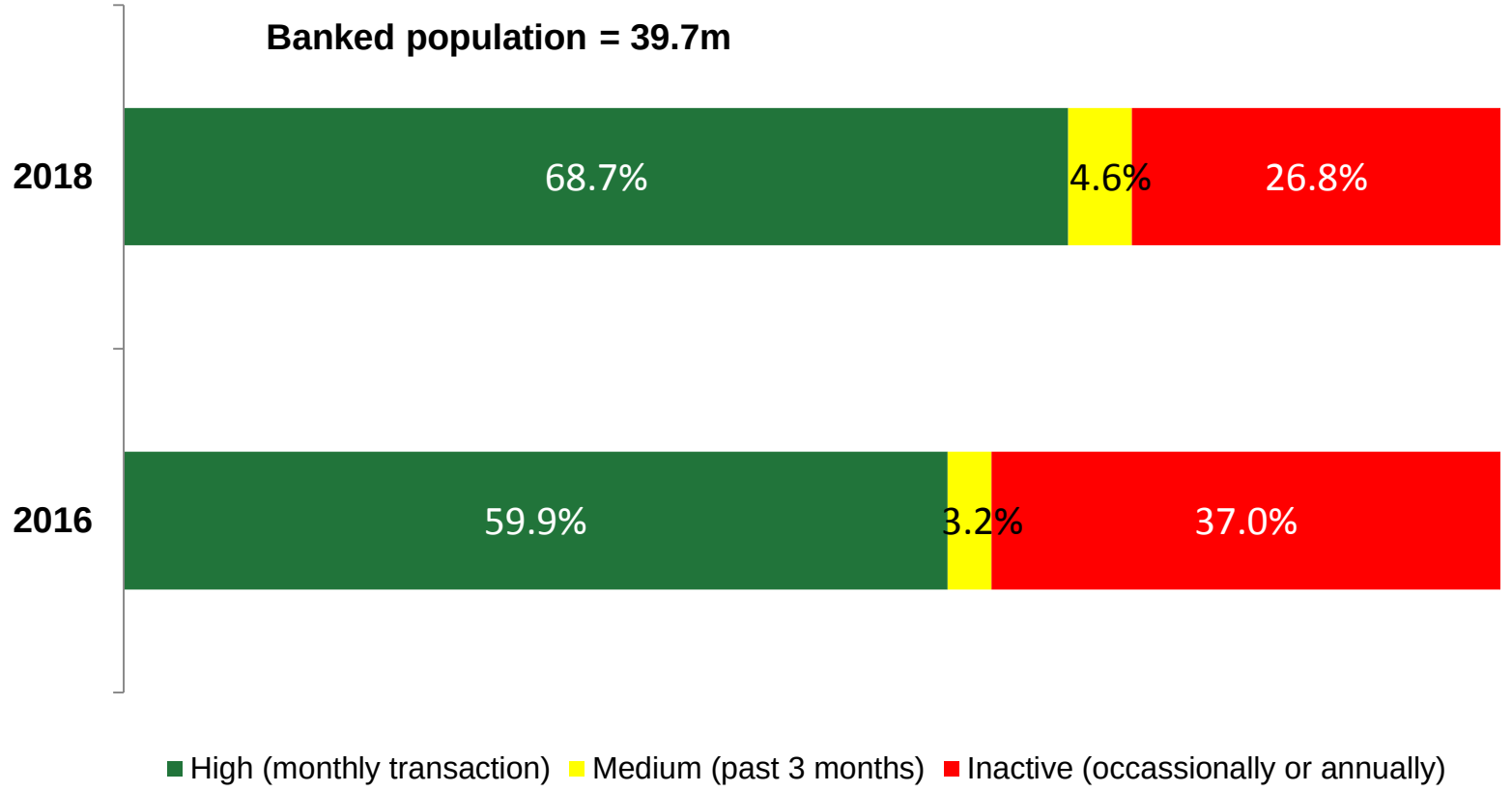
# Banked population is up from 36.9m in 2016 to 39.5m in 2018

**Total population:99.6 million**

| | 2016 | 2018 | Growth/ decline |
|---|---|---|---|
| **Banked population** | **38.3%** | **39.7%** | **+1.4%** |
| Remittances (send and receive) | 24.2% | 22.4% | -2.2% |
| Savings with a bank | 27.7% | 21.0% | -6.7% |
| Payments | 12.1% | 15.5% | +3.4% |
| Receive income | 8.4% | 9.7% | +1.3% |
| Loan with a bank | 1.3% | 1.3% | Stable |
| Banking agents | 2.6% | 3.3% | +0.6% |

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

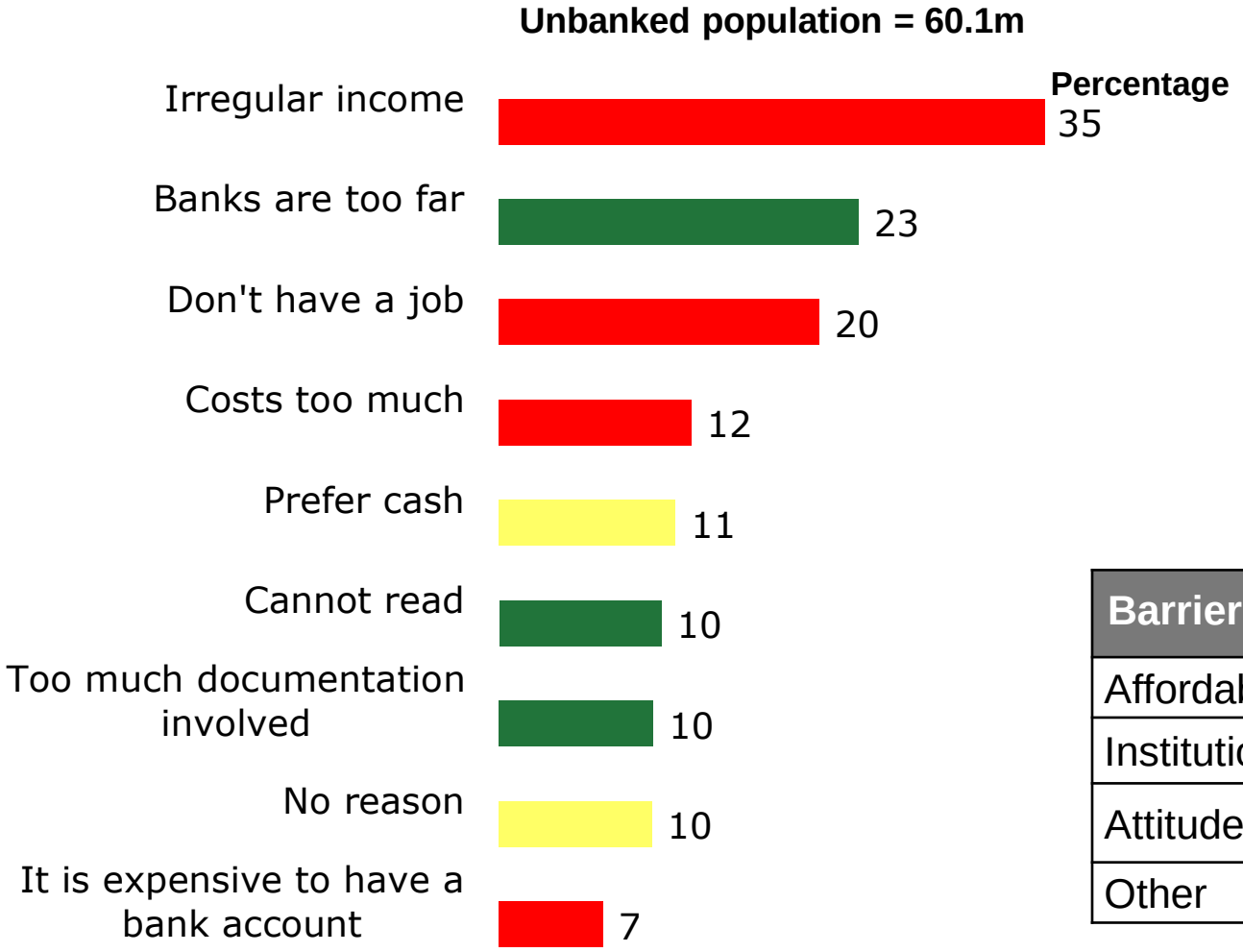
# More banked people are using their bank accounts




- 68.7% of bank clients used at least one bank product during the month prior to the A2F 2018
- 4.6% used at least one product during the 6 months before the survey
- 26.8% of the banked adults have dormant account, meaning the account was not used in the past 90 days year prior to the survey

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Affordability and institutional exclusion are the biggest obstacles to having a bank account




| Barriers | Net % |
|---|---|
| Affordability | 64.9 |
| Institutional exclusion | 38.4 |
| Attitudes/perceptions | 23.6 |
| Other | 4.5 |

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

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# Financial Behaviour - Uptake and Usage
## *Other Formal/Regulated (non-DMBs) Institutions*

# 28.5% of adults use other formal financial institutions. This is slightly down from 30.1% in 2016

**Total population:99.6 million**

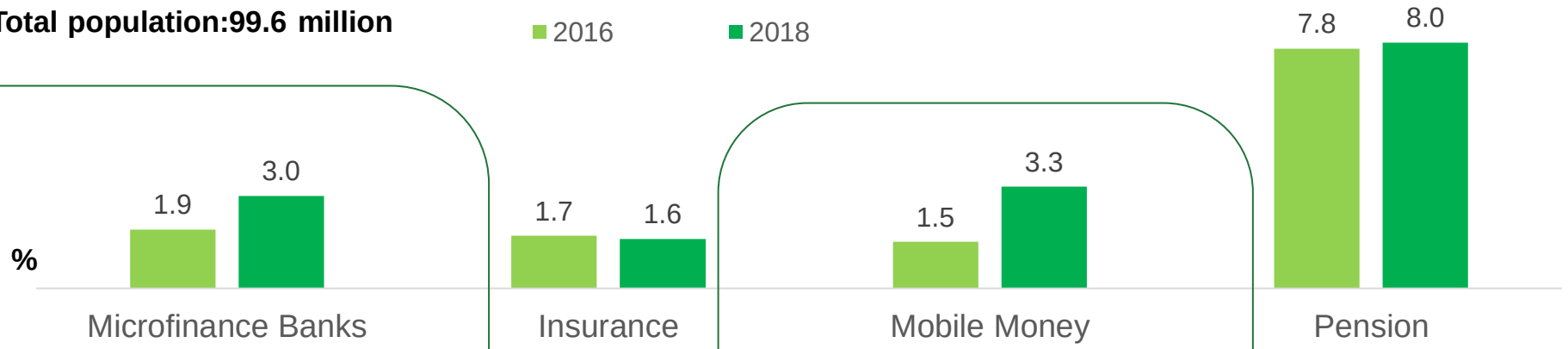
| | 2016 | 2018 | Growth/ decline |
|---|---|---|---|
| **Other formal (non-bank)** | **30.1%** | **28.5%** | **-1.6%** |
| Pension | 7.8% | 8.0% | 0.2% |
| Savings* | 5.0% | 3.7% | -1.3% |
| Mobile Money | 1.6% | 3.3% | +2.2% |
| Mobile Money agents | 0.2% | 1.1% | +0.9% |
| Insurance | 1.7% | 1.6% | -0.1% |
| Remittances | 0.9 | 1.5% | +0.6% |
| Loan with other formal institutions | 1.0% | 1.3% | +0.3% |

****Fixed deposit, stock/shares, mutual funds, saving with Microfinance Bank etc.***

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Increased Usage of Mobile Money and Microfinance Banks

**2018 Total population:99.6 million**




Landscape

**Microfinance Bank= 3.0m**

| | | |
|---|---|---|
| Savings | 62% | -12% |
| Credit | 56% | +13% |
| Remittances | 15% | -2% |

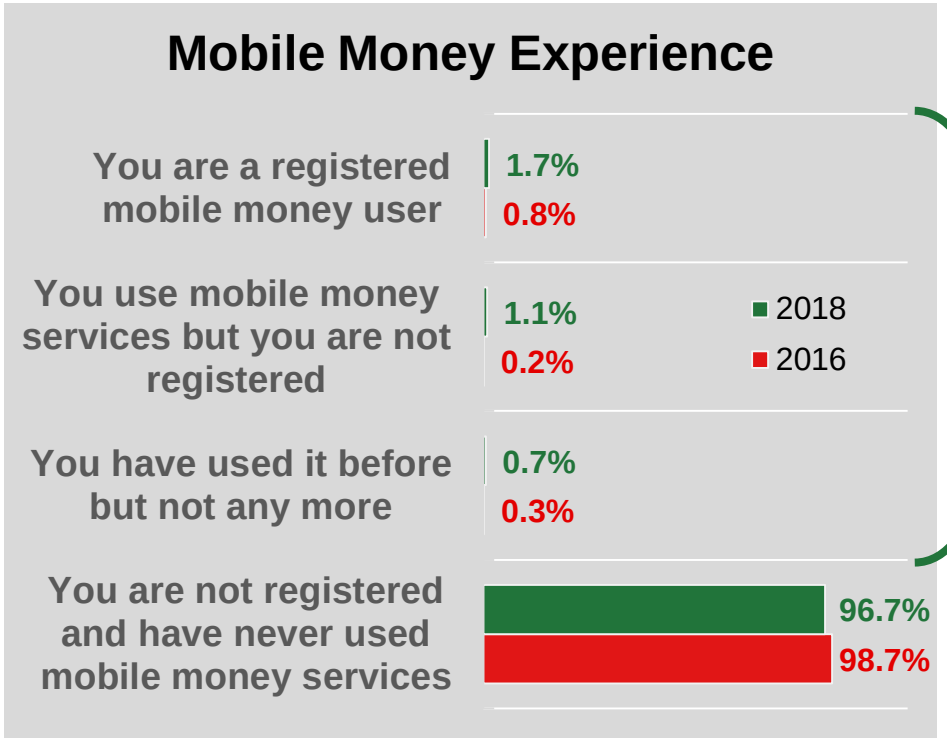
**Mobile Money= 3.3m**

| | | |
|---|---|---|
| Remittances | 57% | +12% |
| Airtime purchase | 26% | +1% |
| Paying bills | 9% | +1% |

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Although registered users have doubled since 2016, overall, mobile money usage remains low

**Total population:99.6 million**

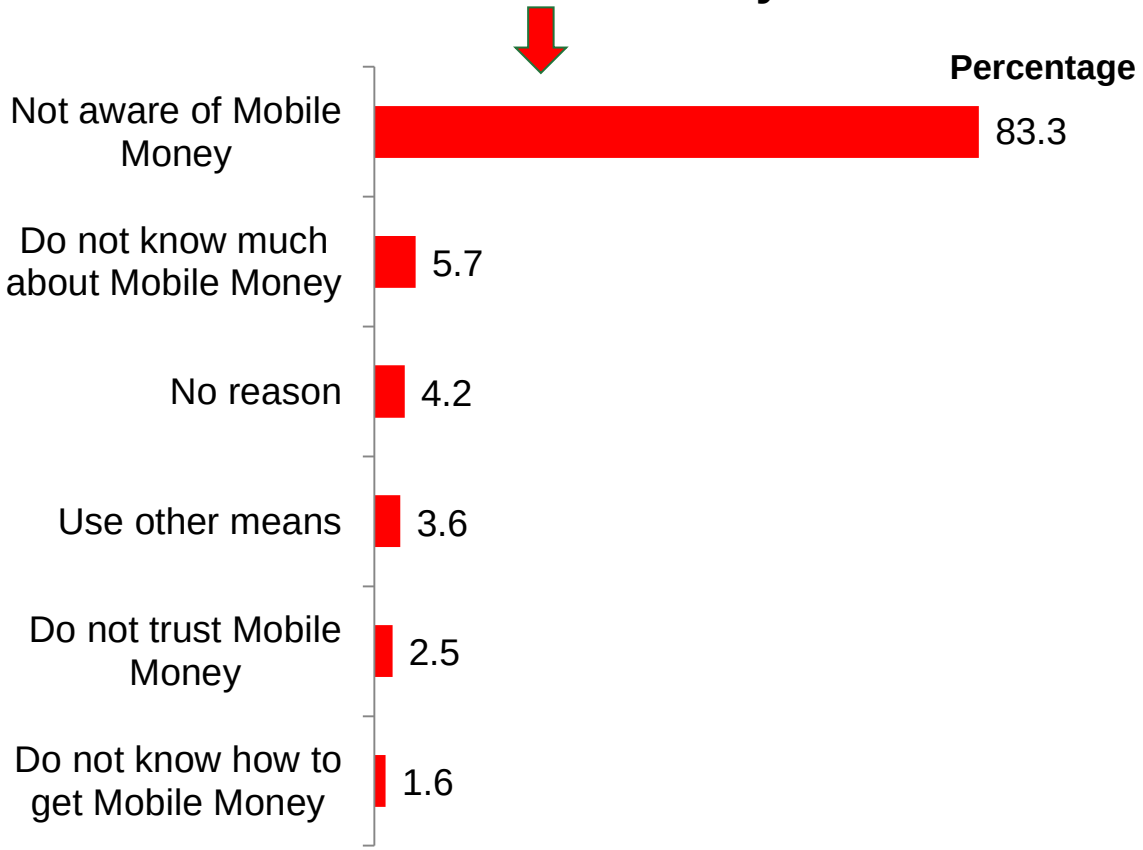



| Drivers for Mobile Money uptake | |
|---|---|
| For sake of ease | 55.0% |
| To conduct fast transactions | 49.1% |
| Family/friends are using mobile money | 20.7% |
| To conduct safe transactions | 13.8% |
| To store/save money | 12.5% |
| Just to try or test mobile money | 4.6% |
| To pay bills | 4.0% |

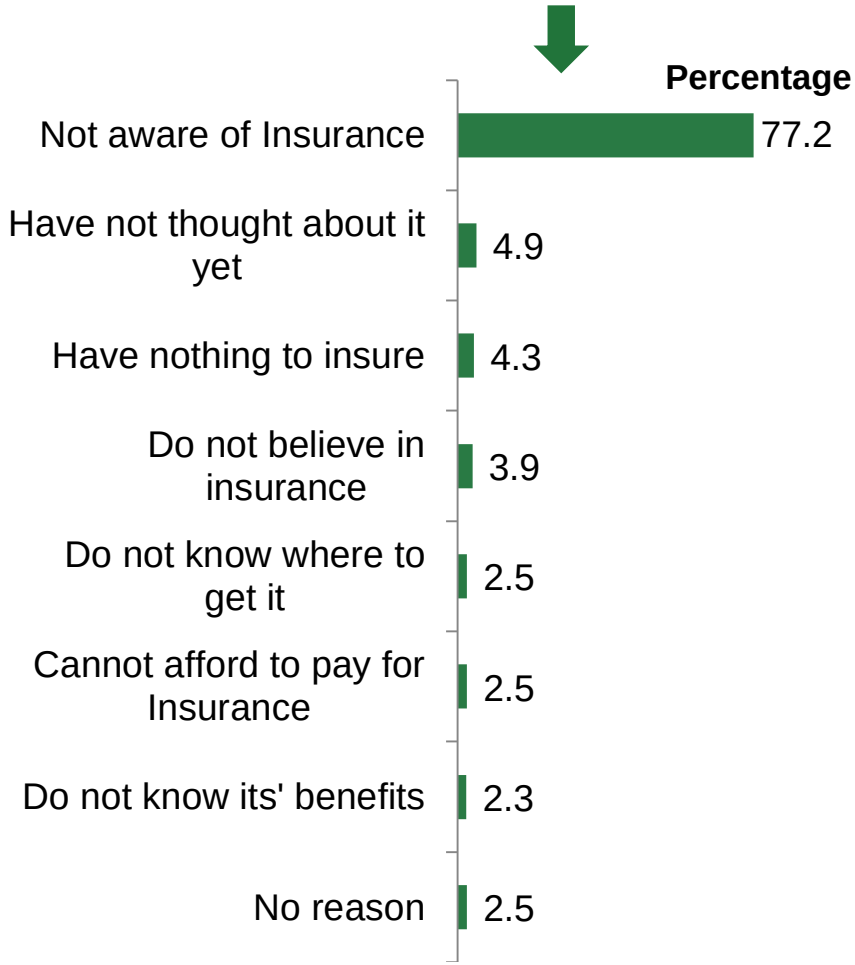
*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Lack of awareness remains the key barrier to the use of Mobile Money and Insurance

## Do not have/use Mobile Money = 96.3m



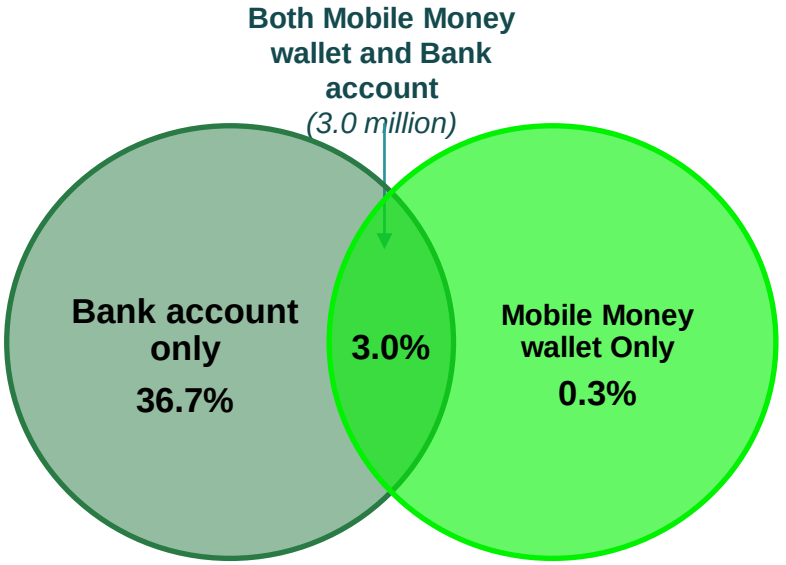

## Do not have Insurance = 97.9m




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Mobile Money currently deepening rather than expanding inclusion levels, as Mobile Money services are being taken up by the banked population

**Total population:99.6 million**

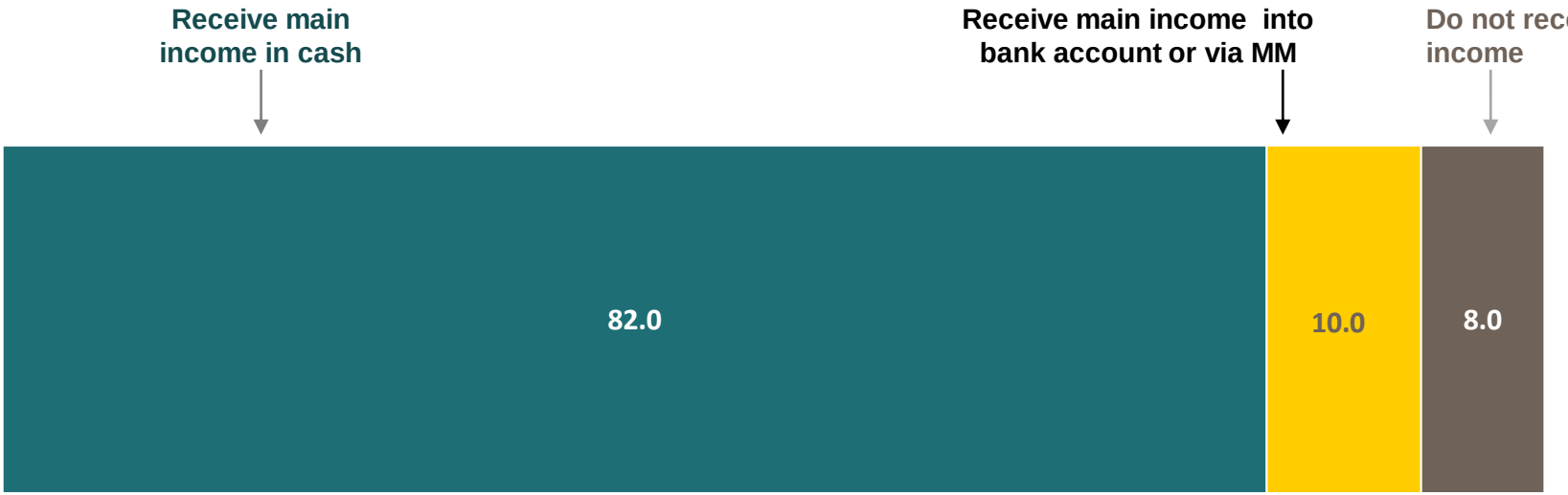



**Excluded 60.0%**

- 36.7% (36.5m) adults use bank account only
- 3.1% (3.0m) adults have both mobile money and bank account
- 0.3% (313k) adults have mobile money wallet only
- 60.0% (59.4m) neither have mobile money nor banking account
- Clear strategy to target non-bank population to take up mobile money services is required

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

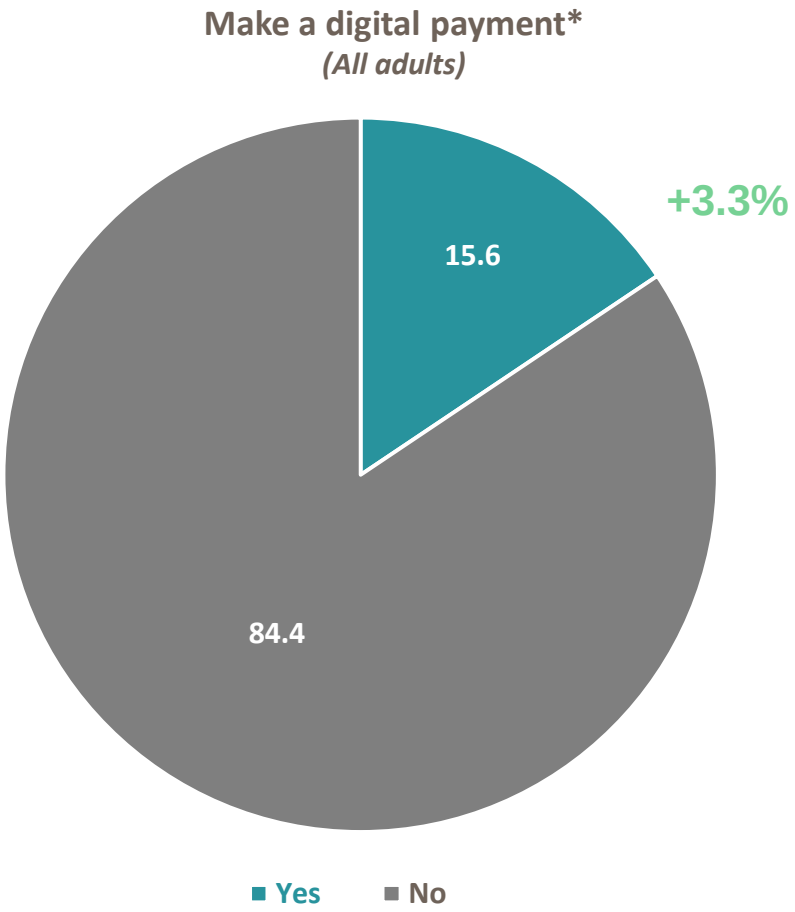
# Potential to drive financial inclusion levels by targeting 82% of Nigerians who currently receive their main income in cash




- Based on main source of income, 17% of adults are subsistence farmers, 38% own businesses (farming, non-farming, and services), and 9% receive money from family/friends
- Over 97% of both subsistence farmers and business owners (farming, non-farming, and services), receive their income in cash
- 12% of adults that receive money from family/friends get it via bank account or mobile money wallets
- G2P and B2P (formal) are driving income received via bank accounts and mobile money wallets

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Overall, over 15 million Nigerian adults (16%) made at least one digital payment for goods and services in the past 12 months




Source: EFInA Access to Financial Services in Nigeria 2018 survey

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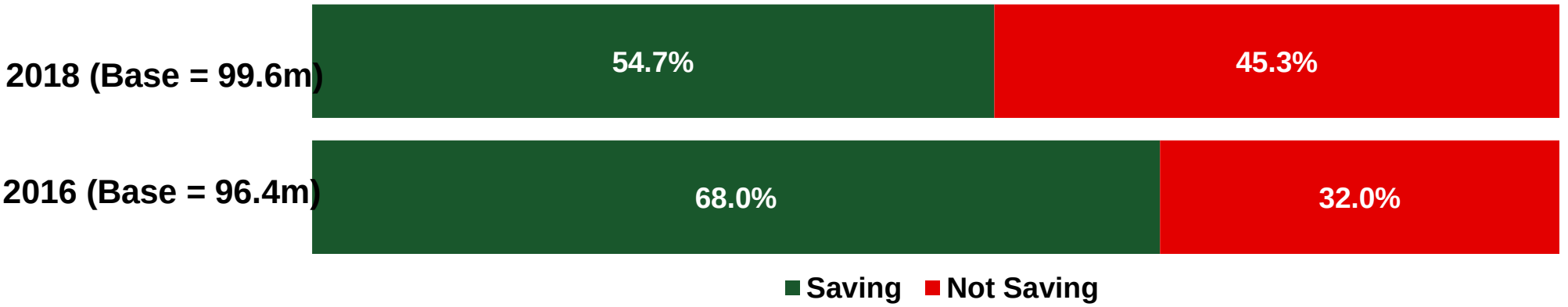
# Financial Behaviour - Uptake and Usage
## *Savings, Credit and Remittance*

# Savings: Majority of Nigerian adults save, but savings overall declined

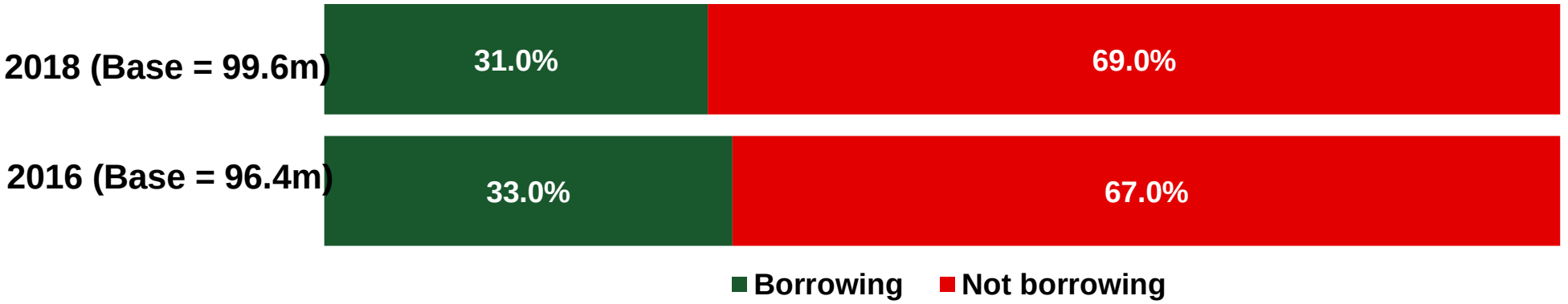



**Where adults save**

| | 2016 (65.6m) | 2018 (54.5m) |
|---|---|---|
| Saving with a bank | 40.7% | 38.3% |
| Saving with other formal institution | 12.3% | 9.7% |
| Informal | 31.4% | 42.7% |
| Family/friends | 47.2% | 33.0% |

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Credit: Majority of Nigerian adults did not access credit in the past 12 months



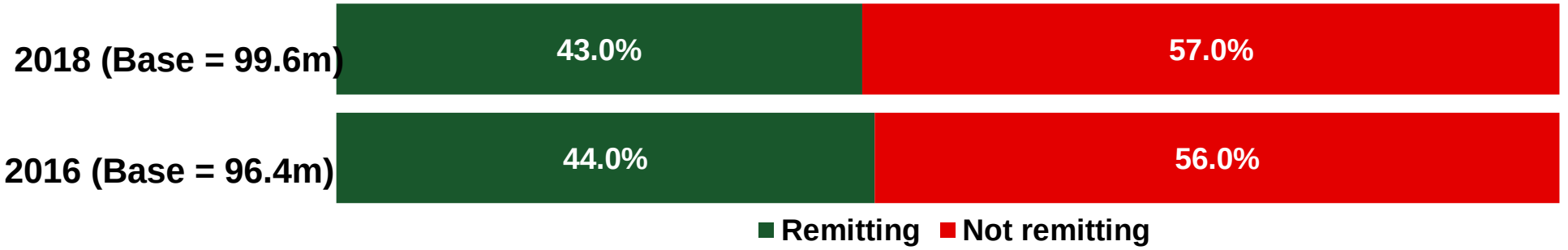

**Sources of loans**

| | 2016 (31.5m) | 2018 (29.7m) |
|---|---|---|
| Loan from bank | 3.8% | 4.3% |
| Loan from other formal | 2.8% | 4.0% |
| Informal | 19.3% | 23.2% |
| Family/friends | 83.8% | 77.7% |

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Remittances: 43.1m Nigerian adults received or sent money in the past 12 months

- 17.9 m Nigerian adults remit money through family/friends ONLY,
- 82.1% of those remitting through family/friends have access to mobile phones
- 83.3% of those remitting through family/friends are not aware of mobile money




**Remitting channels**

| | 2016 (41.9m) | 2018 (43.1m) |
|---|---|---|
| Banking channels | 58.2% | 51.5% |
| Other formal | 1.9% | 3.5% |
| Informal | 9.1% | 7.8% |
| Family/friends | 52.9% | 56.8% |

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

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# D. Financial Access Strands (FAS)

# Defining financial inclusion

**Total adult population** 18 years and older in Nigeria

**Financially included** = have/use financial products and/or services – formal and/or informal

**Financially excluded** = do not have/use any financial products and/or services — formal and/or informal

**Formally served**
= have/use formal financial products and/or services provided by a regulated financial institution (bank and/or non-bank)

**Informally served**
= have/use financial products and/or services which are not regulated

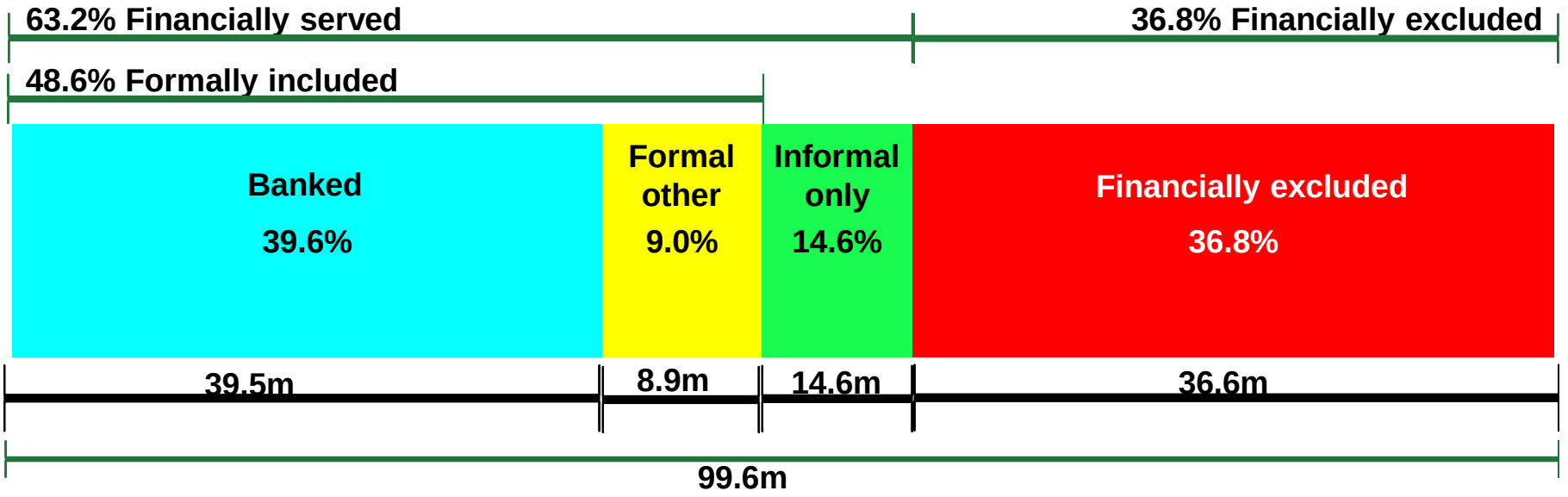
**Banked**
= have/use financial products/ services provided by a deposit money bank

**Served by other formal financial institutions**
= have/use financial products/services provided by other regulated non-deposit money bank financial institutions

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial Access Strand 2018

- Over 60% of the Nigerian adult population are now financially included
- Financially excluded proportion of the adult population still remains large



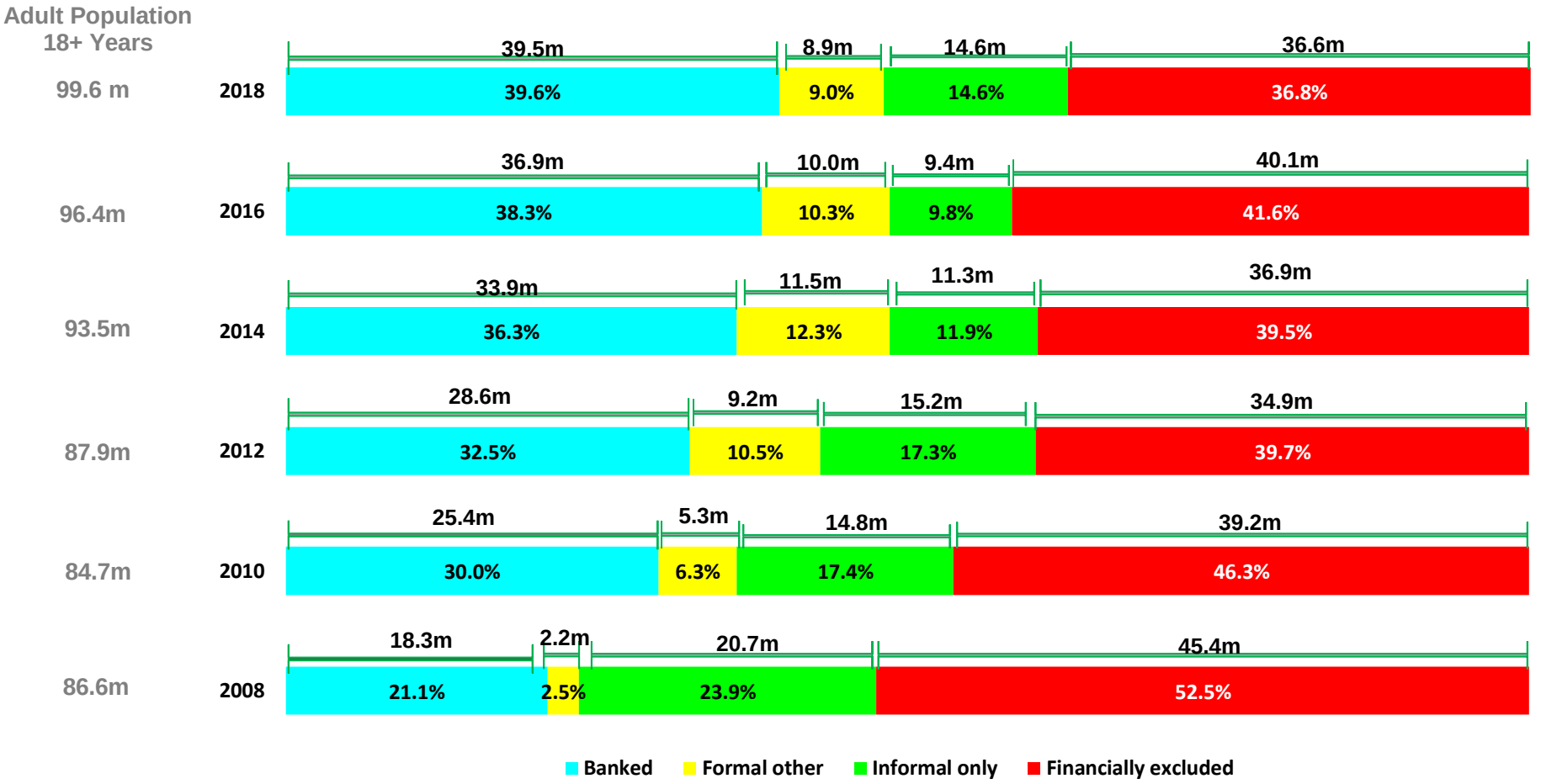

***Note: These four strands are mutually exclusive***

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Trends In Financial Access Strand – 2008 to 2018

**Between 2016 and 2018:**

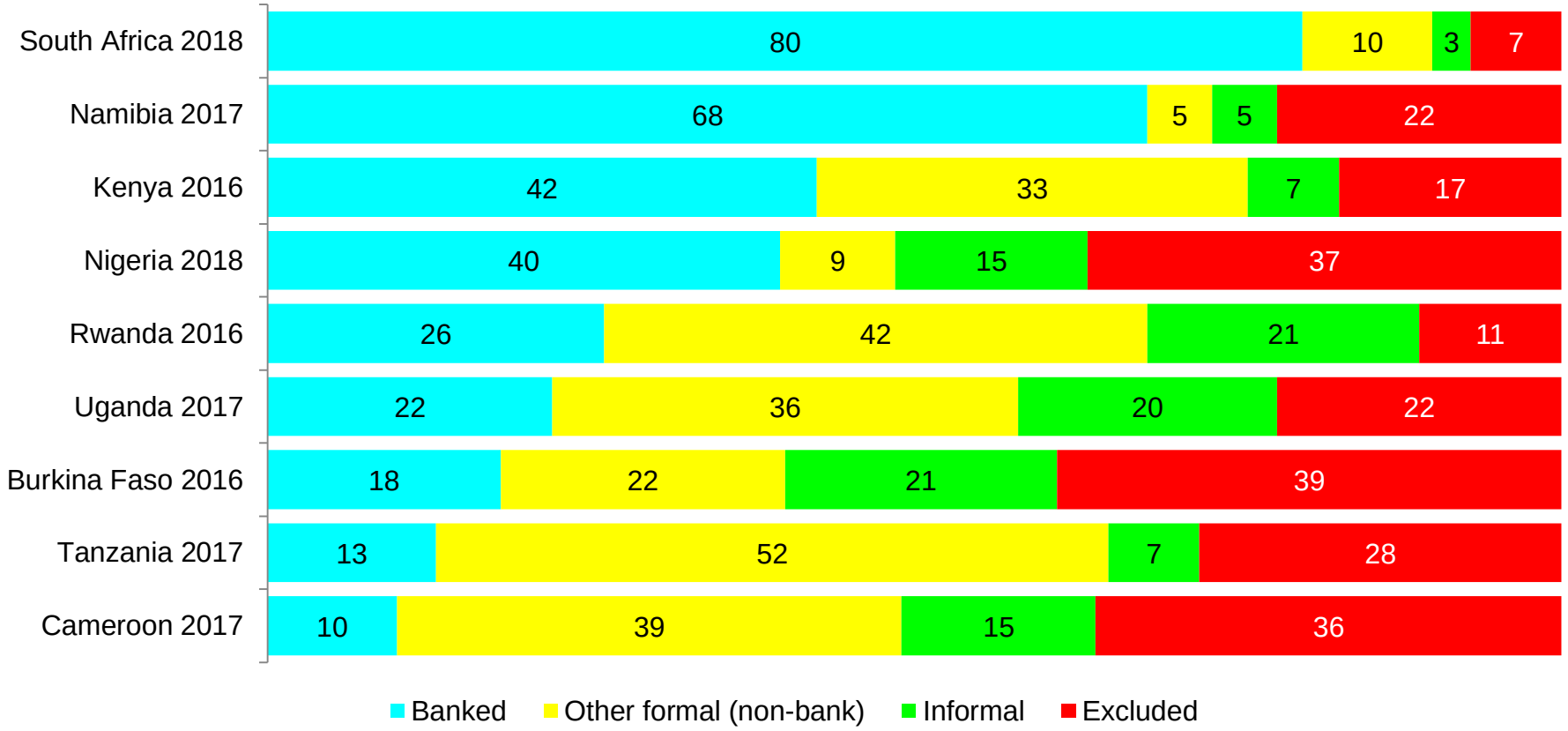
- Significant gains in financial inclusion as excluded population declined by 4.8% from 40.1 million to 36.6 million
- Proportion of the formally served remains static at just below 50%




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial inclusion Consumer Access Strand (ranked by banked population)

- Nigeria has a fairly large banked population (39.7%), but also has the highest proportion of financially excluded adults at 37%

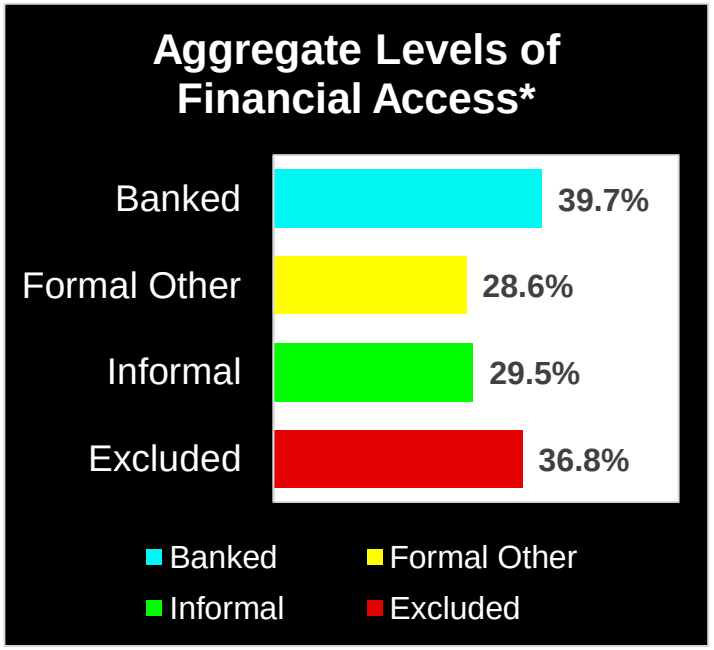


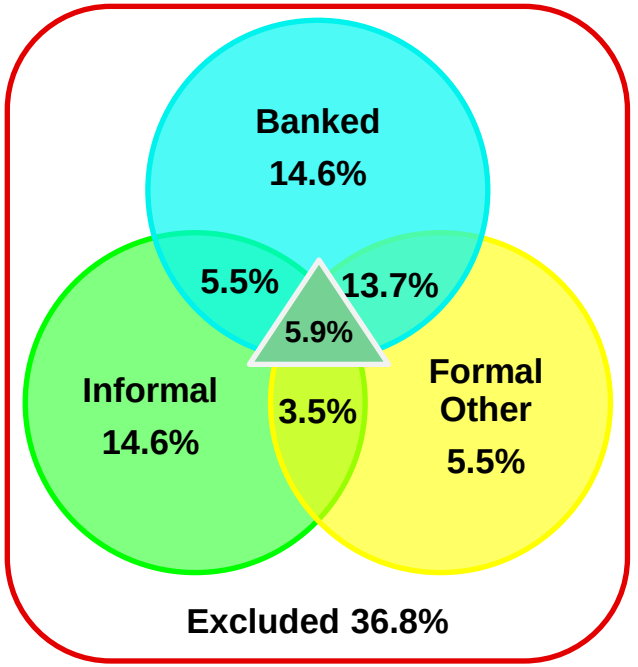

*Note: There are some slight differences in the classification of products/services in the categories of the access strands between the countries*

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Overlaps in Financial Access

- Consumers generally use a combination of financial products and services to meet their financial needs
- 33.8% rely on formal financial services only, up from 29.2% in 2016
- 15.0% use a combination of formal and informal mechanisms to manage their financial needs, thus indicating that their needs are not fully met by the formal sector alone



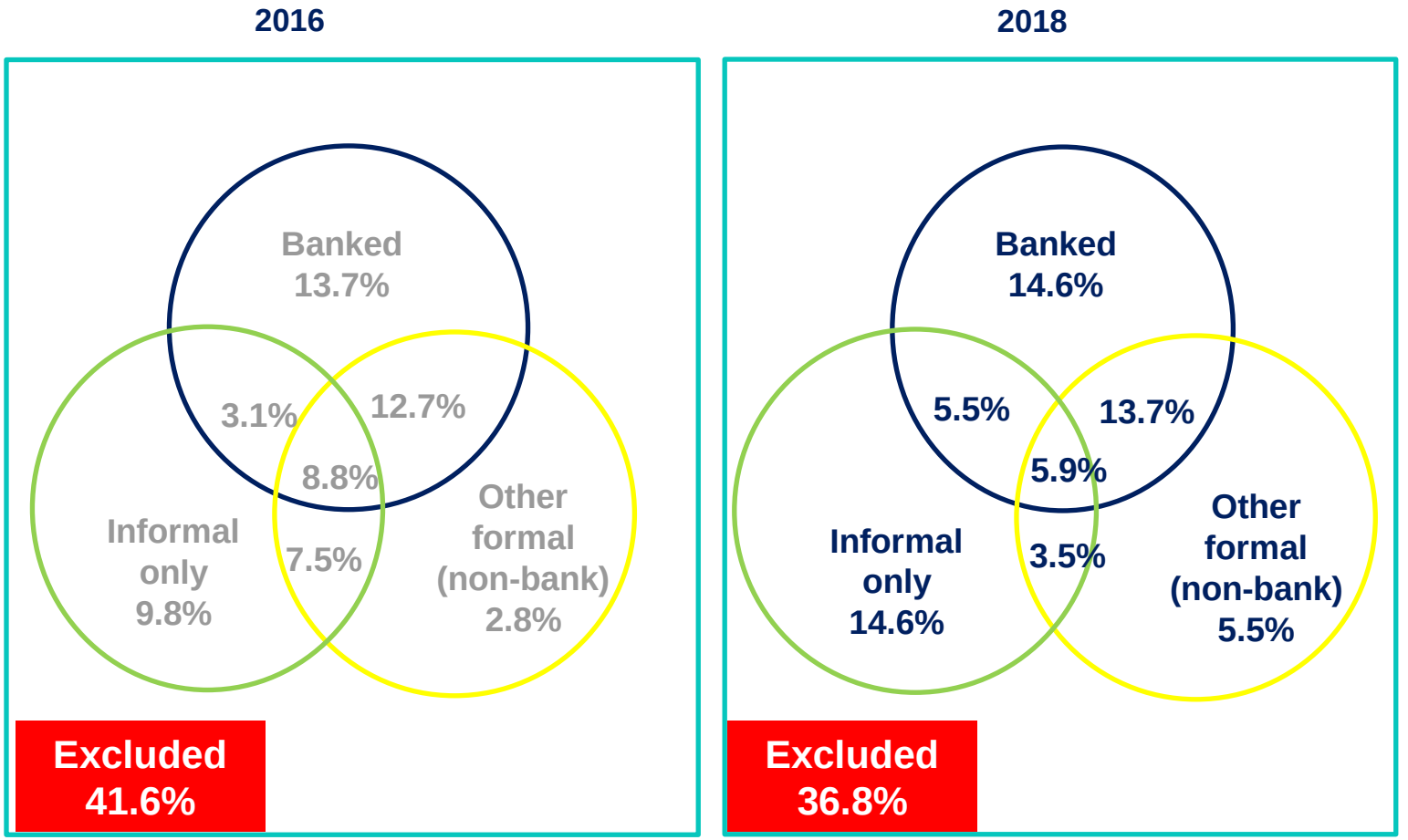




**Figures may include overlaps across access strands*

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial inclusion Overlaps

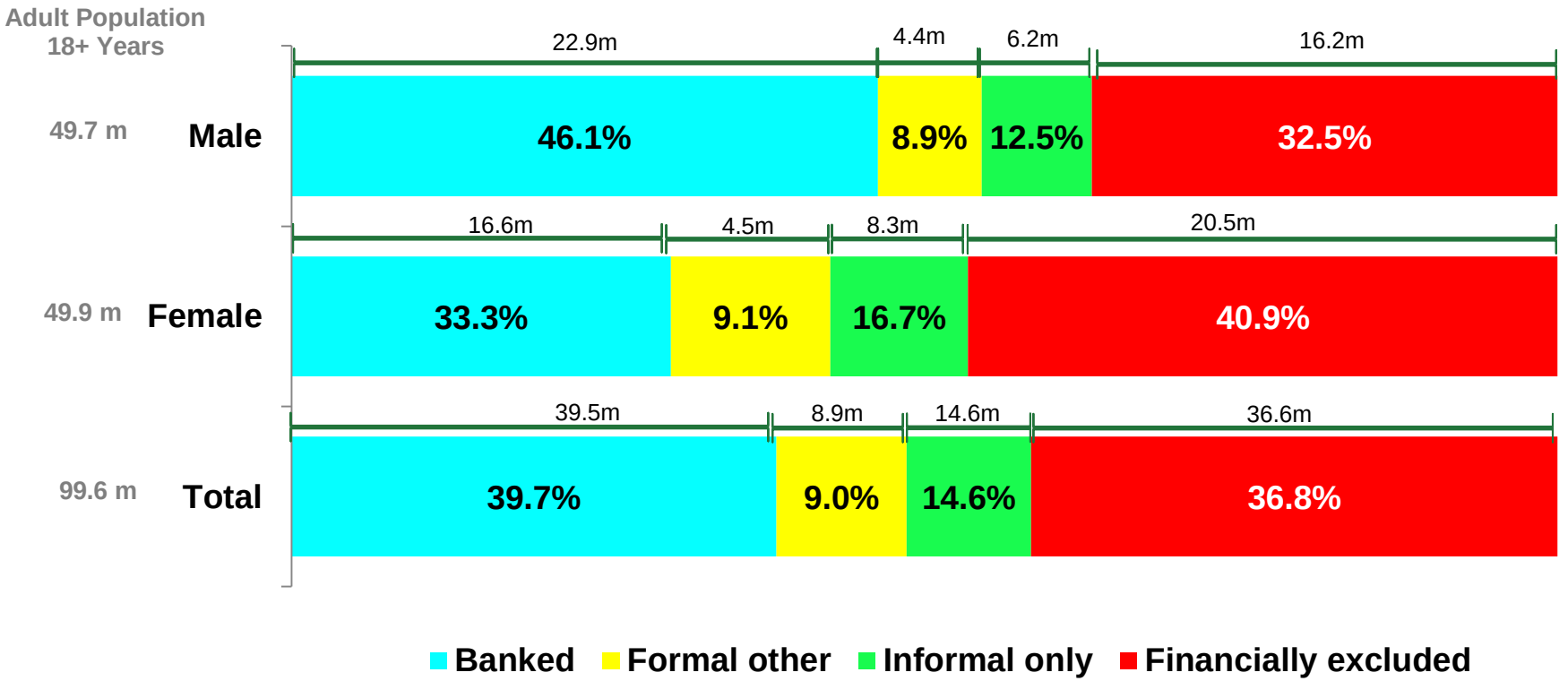
- Adults who rely on formal services only increased from 29.2% to 33.8% since 2016
- Adults using a combination of formal and informal declined from 19.4% in 2016 to 15.0%




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial Access by Gender

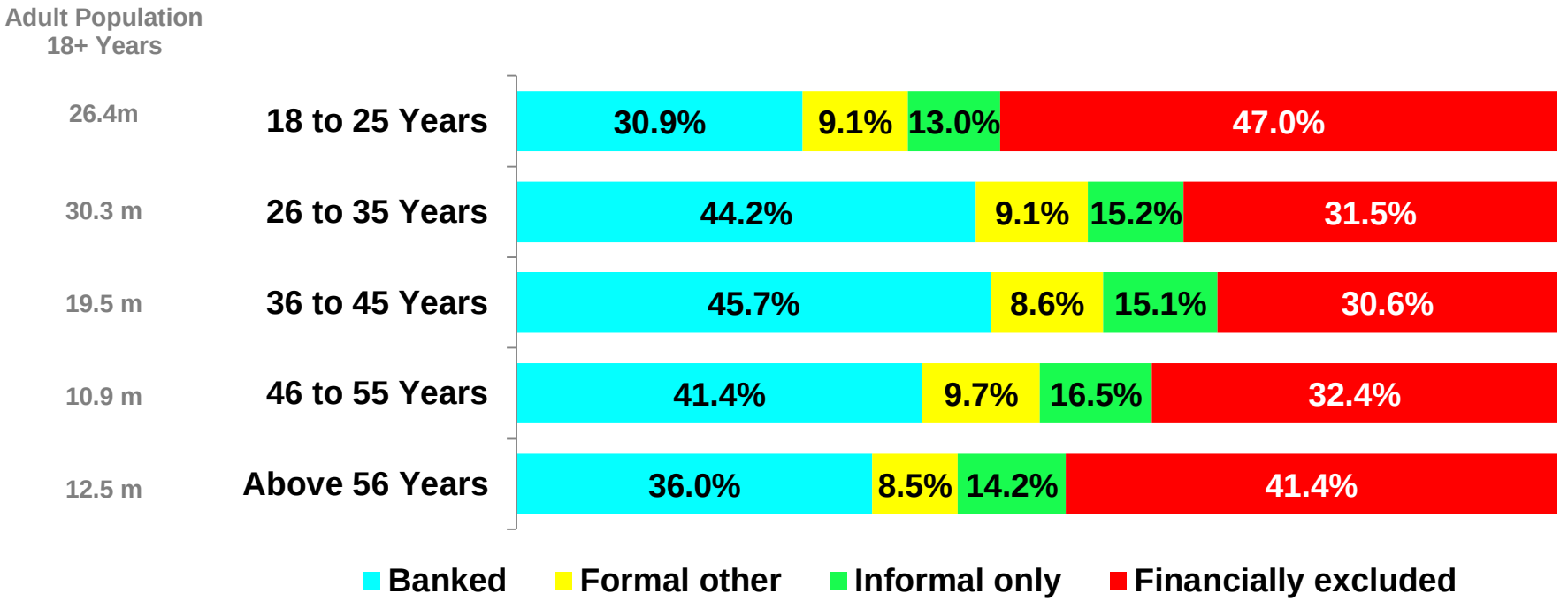
- Financial access is skewed towards male adults
- Adult men are more likely to be banked than adult women
- Adult women tend to use more formal-other and informal financial services than adult men




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial Access by Age Group

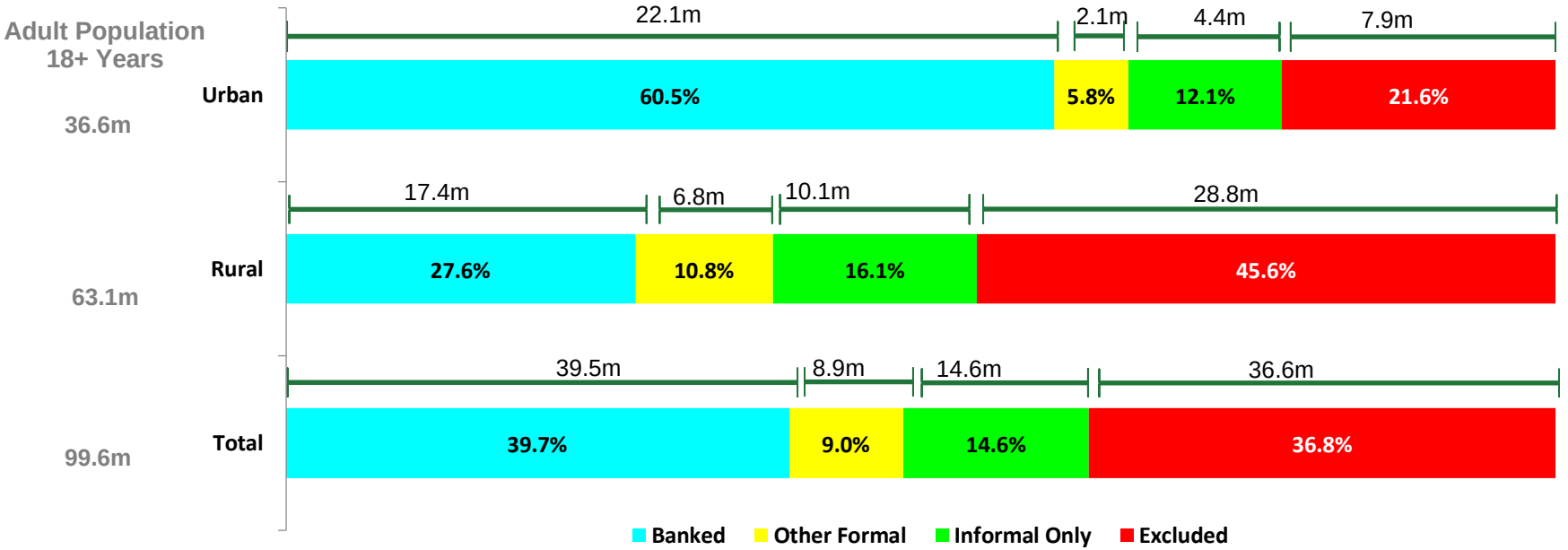
- The 26 – 35 age group has the highest population but rank second for formal financial inclusion
- The highest level of formally included are in the 36 to 45 age group
- The highest level of financial excluded are in the 18 to 25 age group




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial Access by Urban/Rural Setting

- Banking services are not getting to rural areas, BUT the data shows an increase of 3.2% among rural population
- Informal financial services continue to be dominant in the rural areas
- Interventions dealing with key excluded populations seem to be slightly bearing fruits; rural population reduction in the excluded population is 6.6% higher than the national average



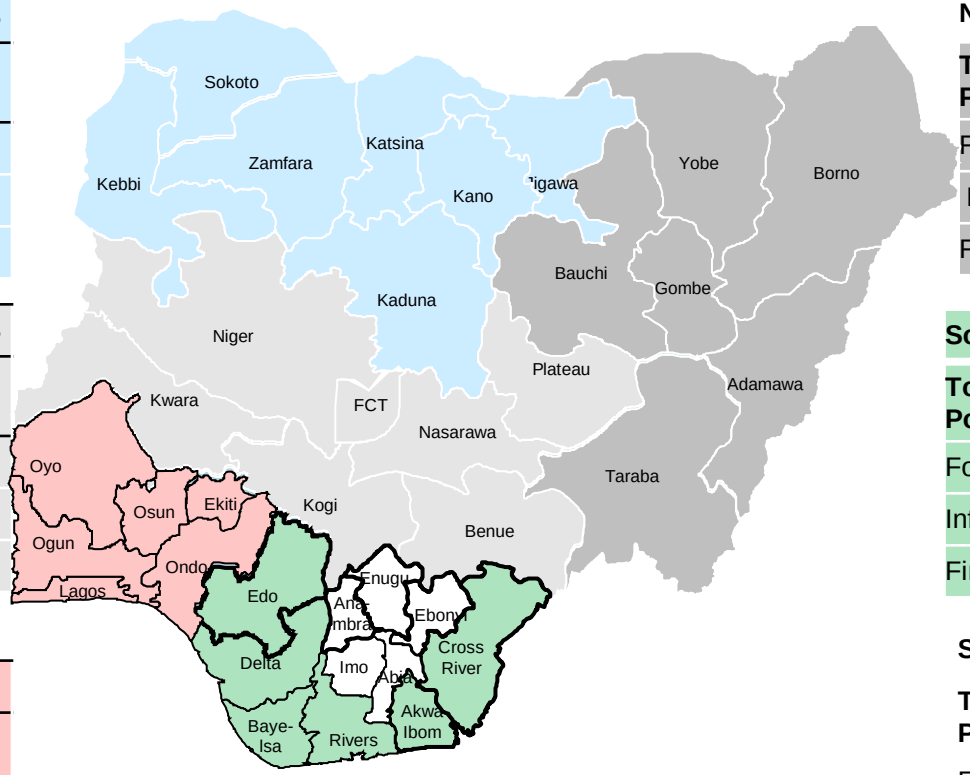

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Financial Access Performance Across Geo-Political Zones

| North West | 2014 | 2016 | 2018 |
|---|---|---|---|
| **Total Adult Population** | **21M** | **22M** | **23M** |
| Formally Included | 35% | 24% | 27% |
| Informal Only | 9% | 6% | 11% |
| Financially Excluded | 56% | 70% | 62% |

| North Central | 2014 | 2016 | 2018 |
|---|---|---|---|
| **Total Adult Population** | **14M** | **14M** | **14M** |
| Formally Included | 49% | 48% | 50% |
| Informal Only | 19% | 14% | 19% |
| Financially Excluded | 33% | 39% | 31% |

| South West | 2014 | 2016 | 2018 |
|---|---|---|---|
| **Total Adult Population** | **20M** | **21M** | **22M** |
| Formally Included | 63% | 78% | 64% |
| Informal Only | 13% | 4% | 17% |
| Financially Excluded | 25% | 18% | 19% |



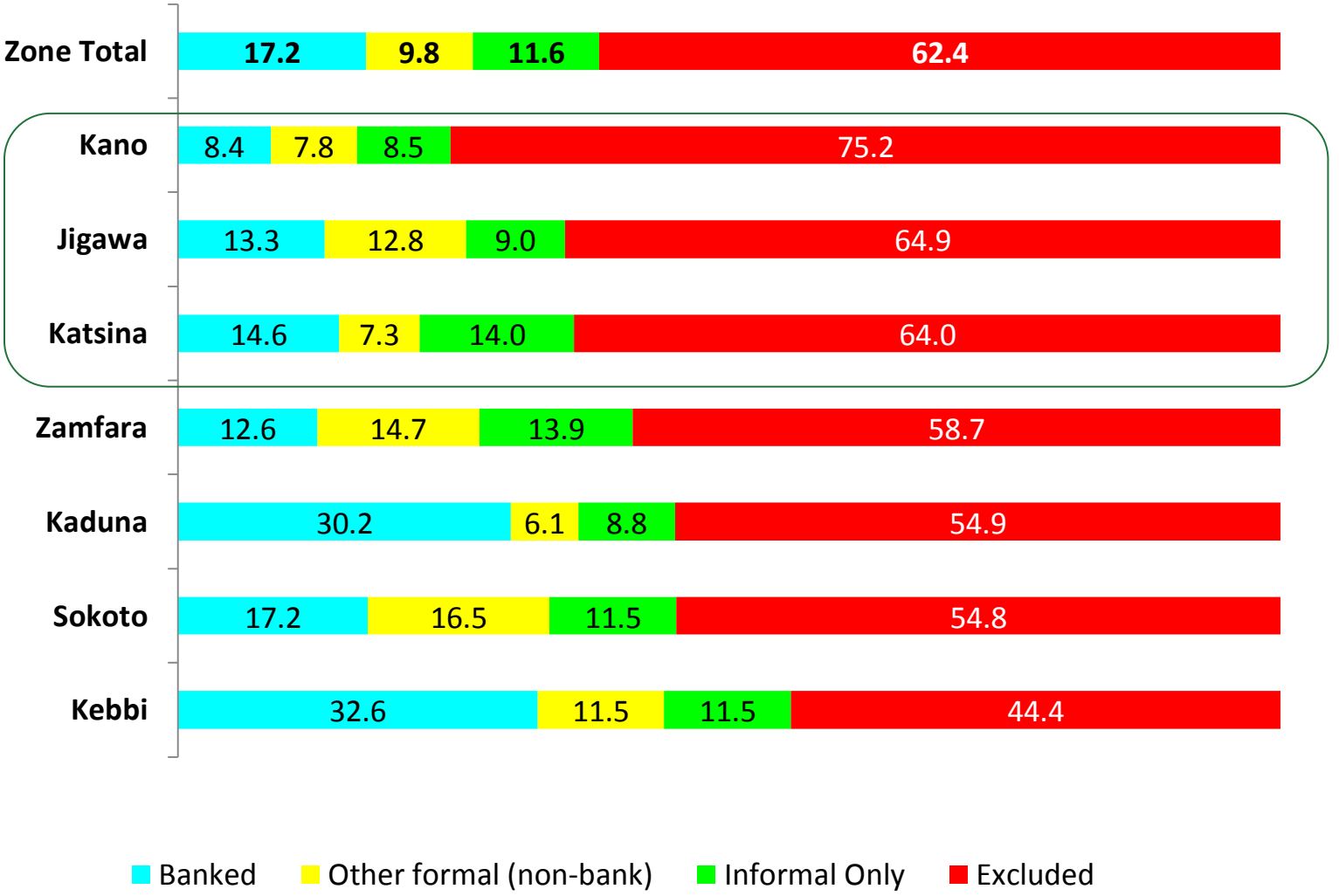

| North East | 2014 | 2016 | 2018 |
|---|---|---|---|
| **Total Adult Population** | **11M** | **12M** | **12M** |
| Formally Included | 26% | 25% | 34% |
| Informal Only | 5% | 14% | 12% |
| Financially Excluded | 68% | 62% | 55% |

| South South | 2014 | 2016 | 2018 |
|---|---|---|---|
| **Total Adult Population** | **15M** | **16M** | **16M** |
| Formally Included | 52% | 55% | 60% |
| Informal Only | 15% | 14% | 17% |
| Financially Excluded | 33% | 31% | 23% |

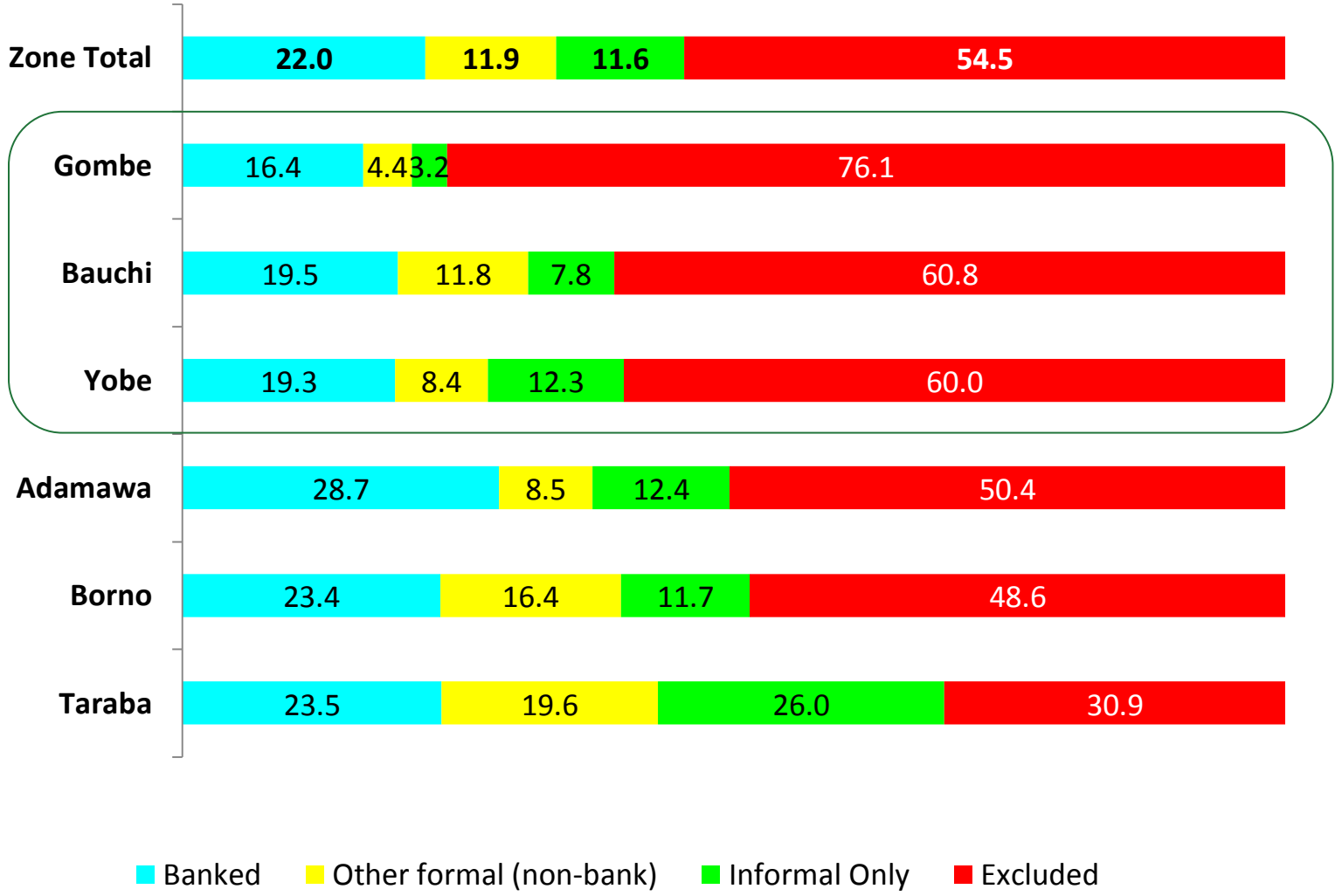
| South East | 2014 | 2016 | 2018 |
|---|---|---|---|
| **Total Adult Population** | **12M** | **12M** | **12M** |
| Formally Included | 63% | 59% | 60% |
| Informal Only | 11% | 13% | 11% |
| Financially Excluded | 25% | 28% | 29% |

*Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey*

# Geopolitical Zone Breakdown of FAS - North West Zone

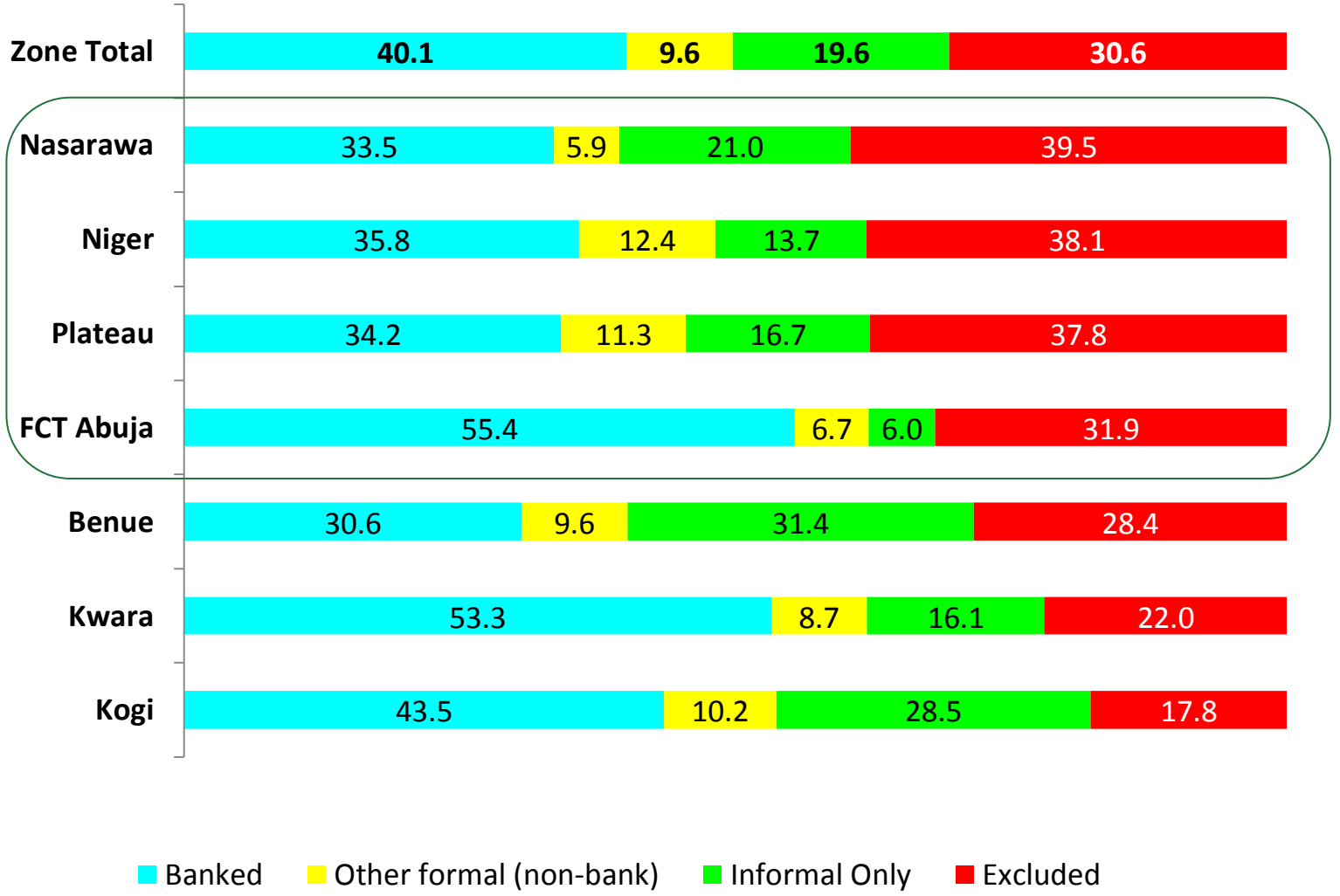


# Geopolitical Zone Breakdown of FAS - North East Zone



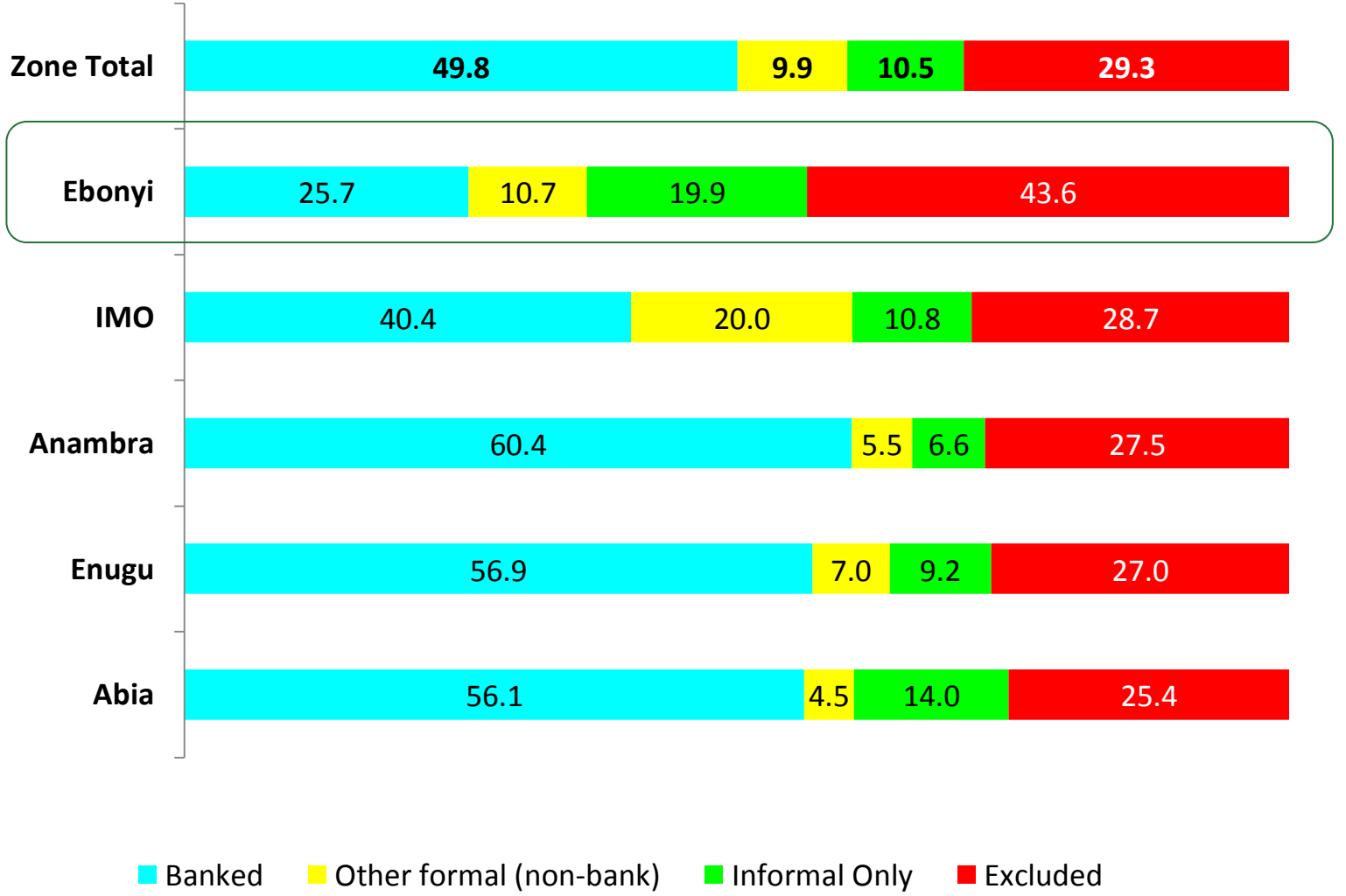

*Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey*

# Geopolitical Zone Breakdown of FAS - North Central Zone




*Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey*

# Geopolitical Zone Breakdown of FAS - South East Zone

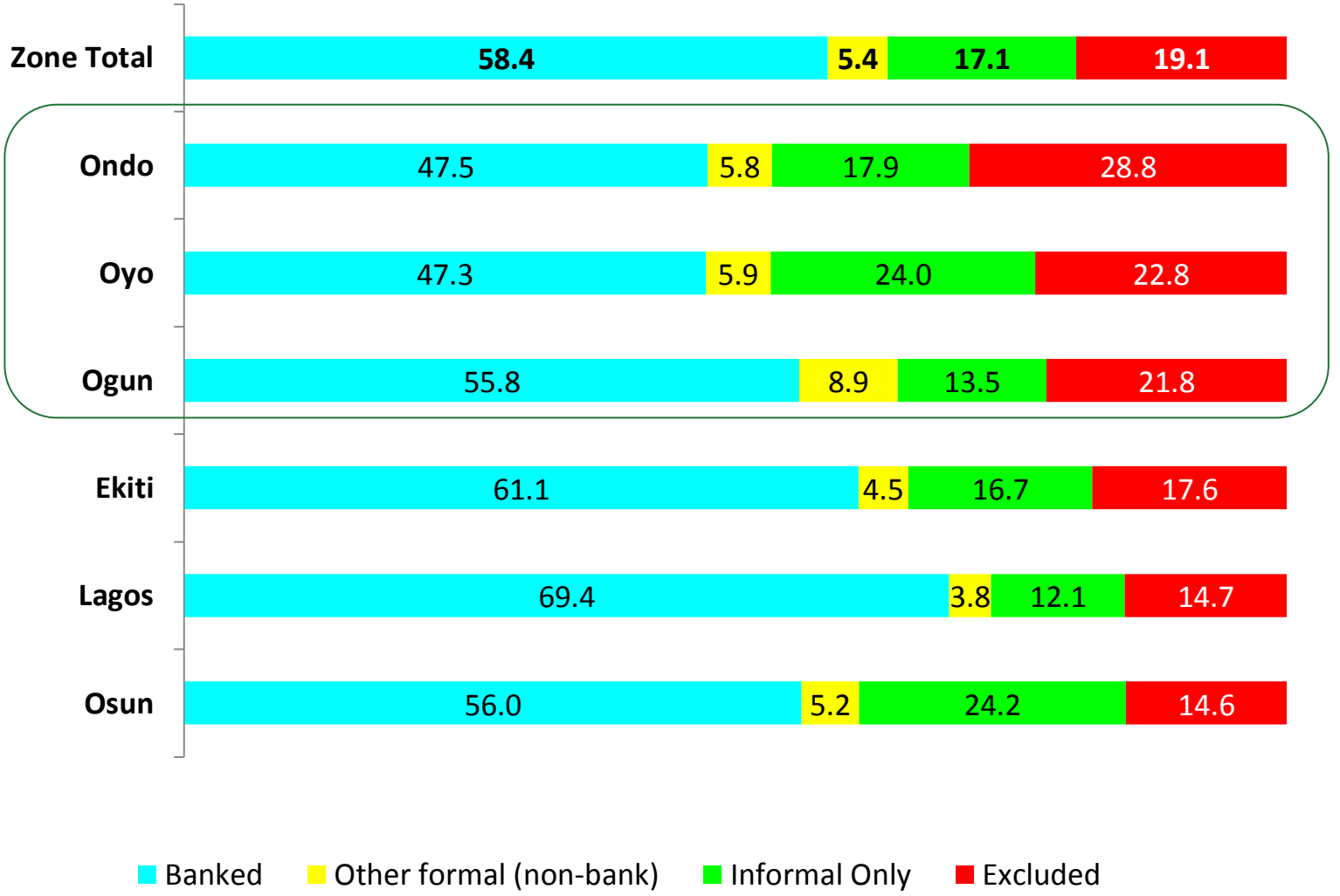



*Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey*

# Geopolitical Zone Breakdown of FAS – South - South Zone

*Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey*

# Geopolitical Zone Breakdown of FAS - South West Zone




*Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey*

# Profile of the Financially Excluded (1 of 2)

**36.6 Million** Adult Nigerians (18 years and older) are excluded

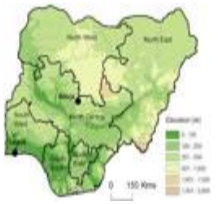
55.9% F

44.1% M

34% (18-25 years)

78.5%

21.5%



North West 38.4%

North East 18.3%

**Median income** N15000

71.3%

23.5%

Small scale farming

Family/friends 18.3%

Remittances

22.4%

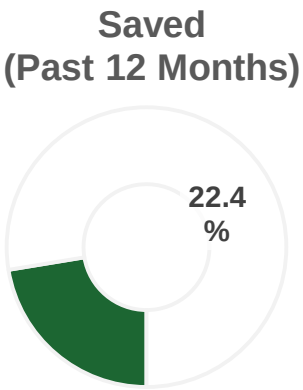
Save money at home

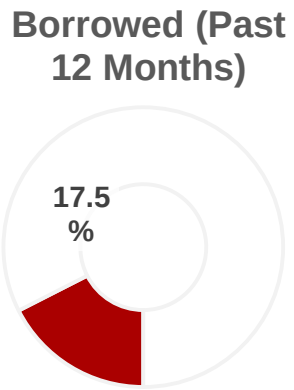
- Not aware of mobile money (95.9%)
- Not aware of banking agents (89.4%)
- No access to any financial institutions (76%)

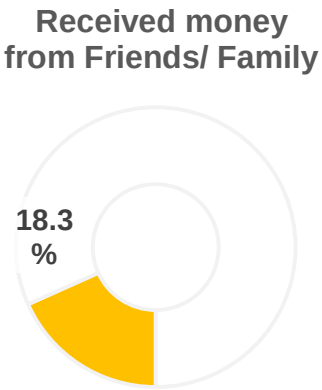
*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Profile of the Financially Excluded Adults (2 of 2)

| | Excluded Population |
|---|---|
| | 36,640,750 |
| | |
| **Income** | |
| Below N15,000 | 37.2% |
| N15000 – N35,000 | 26.3% |
| N35001 – N55,000 | 5.5% |
| N55,001 – N75,000 | 1.7% |
| More than 75,000 | 1.6% |
| Refused | 9.8% |
| Don't know | 17.9% |
| | |
| **Highest Level of Education** | |
| Primary School | 23.4% |
| Secondary School | 34.7% |
| University/ OND/ HND | 1.9% |
| Post University | 0.2% |
| Non-formal education | 20.2% |
| No education | 19.4% |




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

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# National Financial Inclusion Strategy (NFIS) Targets

# Progress on National Financial Inclusion Targets

## Reduce financial exclusion rate of adults to 20% by 2020

| | | | STATUS | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Focus Areas** | **Target by 2020** | **2010** | **2012** | **2014** | **2016** | **2018** | **Variance to 2020 Target** |
| % of Total Adult Population | **Payments** | **70%** | 22% | 20% | 24% | 38% | **40%** | -30% |
| | **Savings** | **60%** | 24% | 25% | 32% | 36% | **24%** | -36% |
| | **Credit** | **40%** | 2% | 2% | 3% | 3% | **2%** | -38% |
| | **Insurance** | **40%** | 1% | 3% | 1% | 2% | **2%** | -38% |
| | **Pension** | **40%** | 5% | 2% | 5% | 7% | **8%** | -32% |
| | | | | | | | | |
| | **Financial Exclusion** | **20%** | 46.3% | 39.7% | 39.5% | 41.6% | **36.8%** | -16.8% |

**DEFINITION OF INDICATORS**

| | |
|---|---|
| **Payments:** | % of adult population that has a transaction account with a regulated financial institution and/or has made an electronic payment through a regulated financial institution in the last 12 months |
| **Savings:** | % of adult population that has a savings-related product at a regulated financial institution and/or has saved through a regulated financial institution in the last 12 months |
| **Credit:** | % of adult population that has had a credit product through a regulated financial institution in the last 12 months |
| **Insurance:** | % of adult population that is covered by a regulated insurance policy |
| **Pension:** | % of adult population that is contributing to a regulated pension scheme or receiving a pension through a regulated pension scheme |

*Source: EFInA Access to Financial Services in Nigeria 2010/2012/2014/ 2016/2018 survey*

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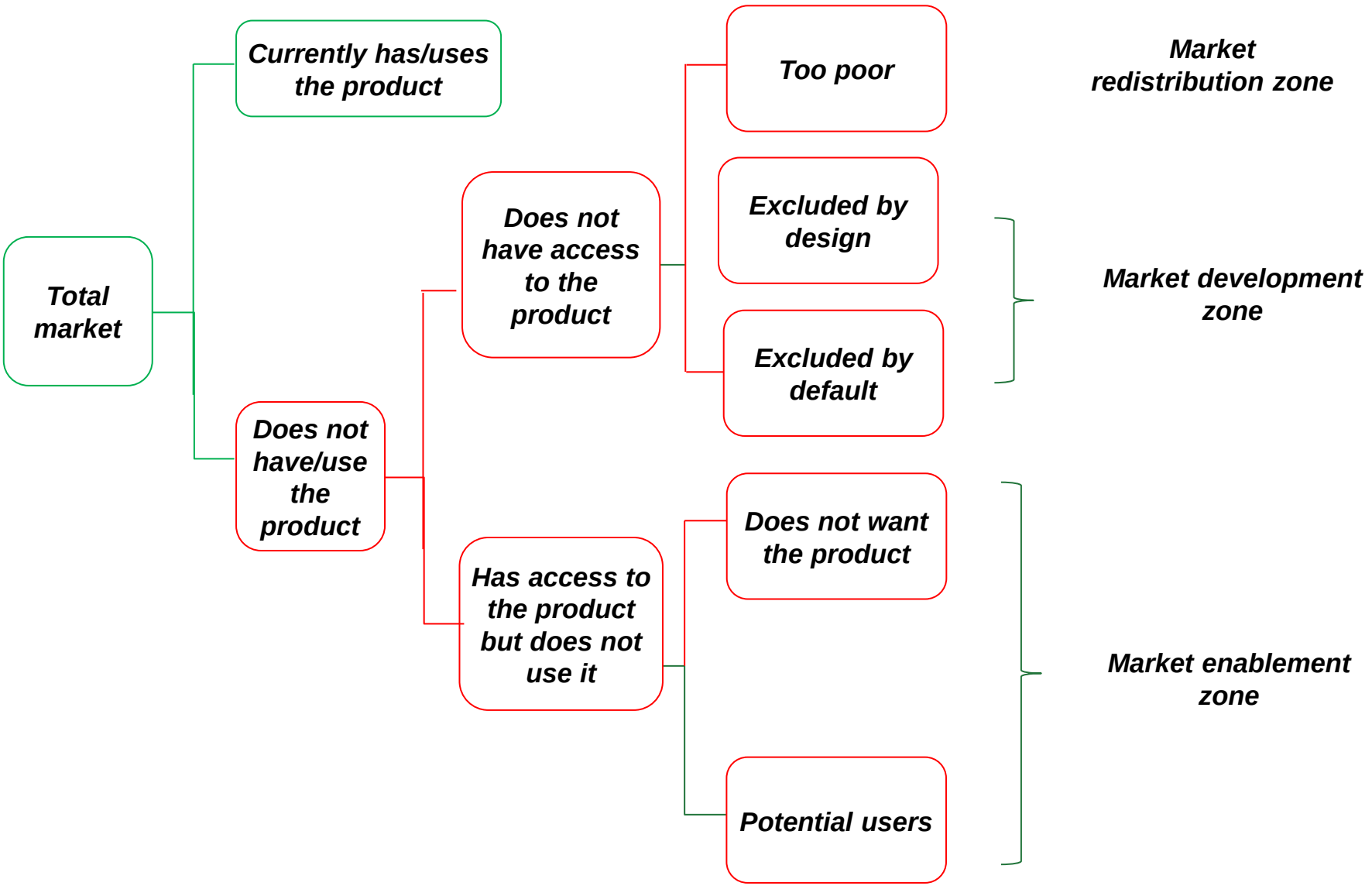
# E. Access Frontiers for achieving the NFIS Targets

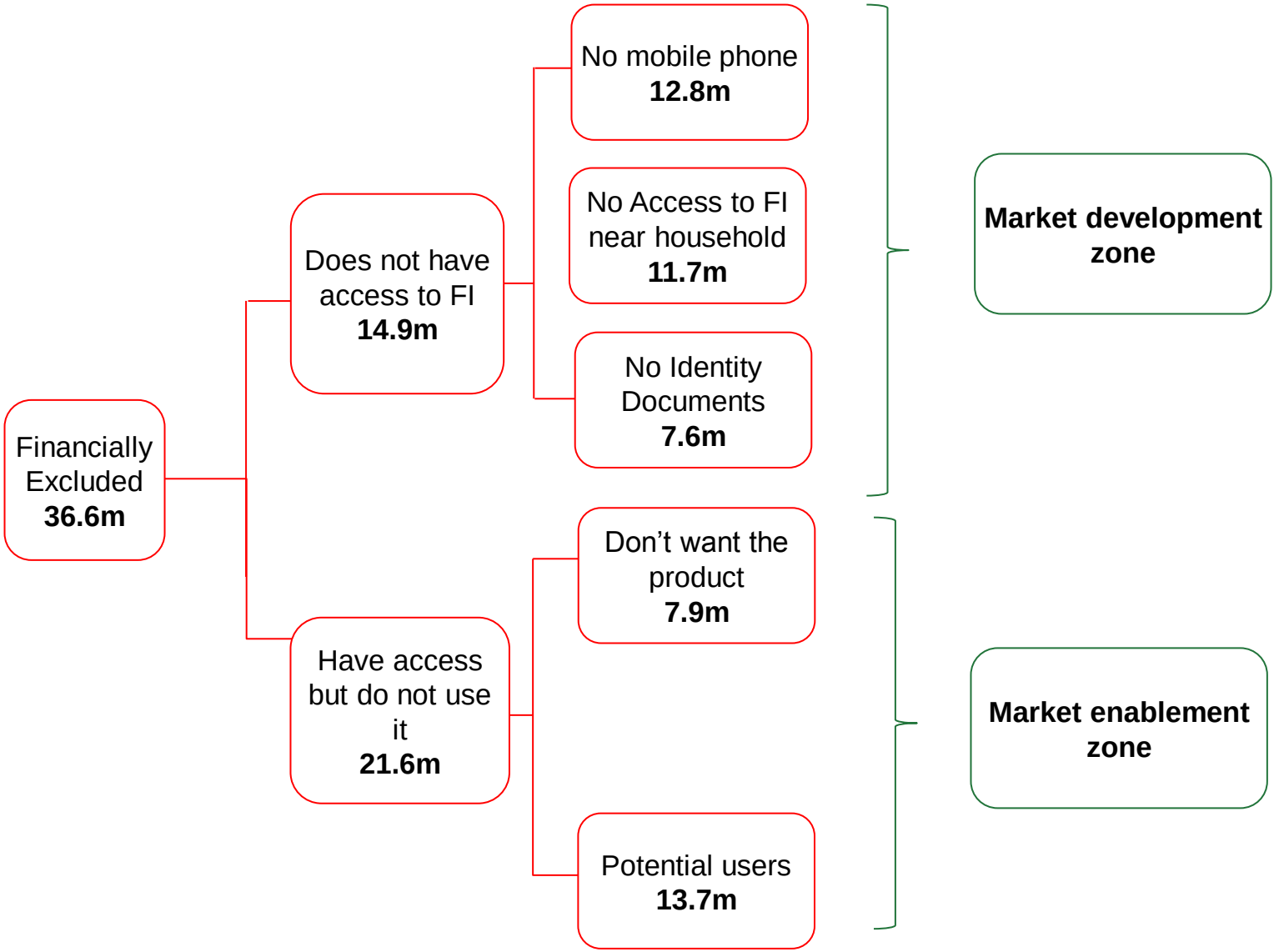
# Access Frontiers – Identifying the Opportunities




Source: EFInA Access to Financial Services in Nigeria 2018 survey

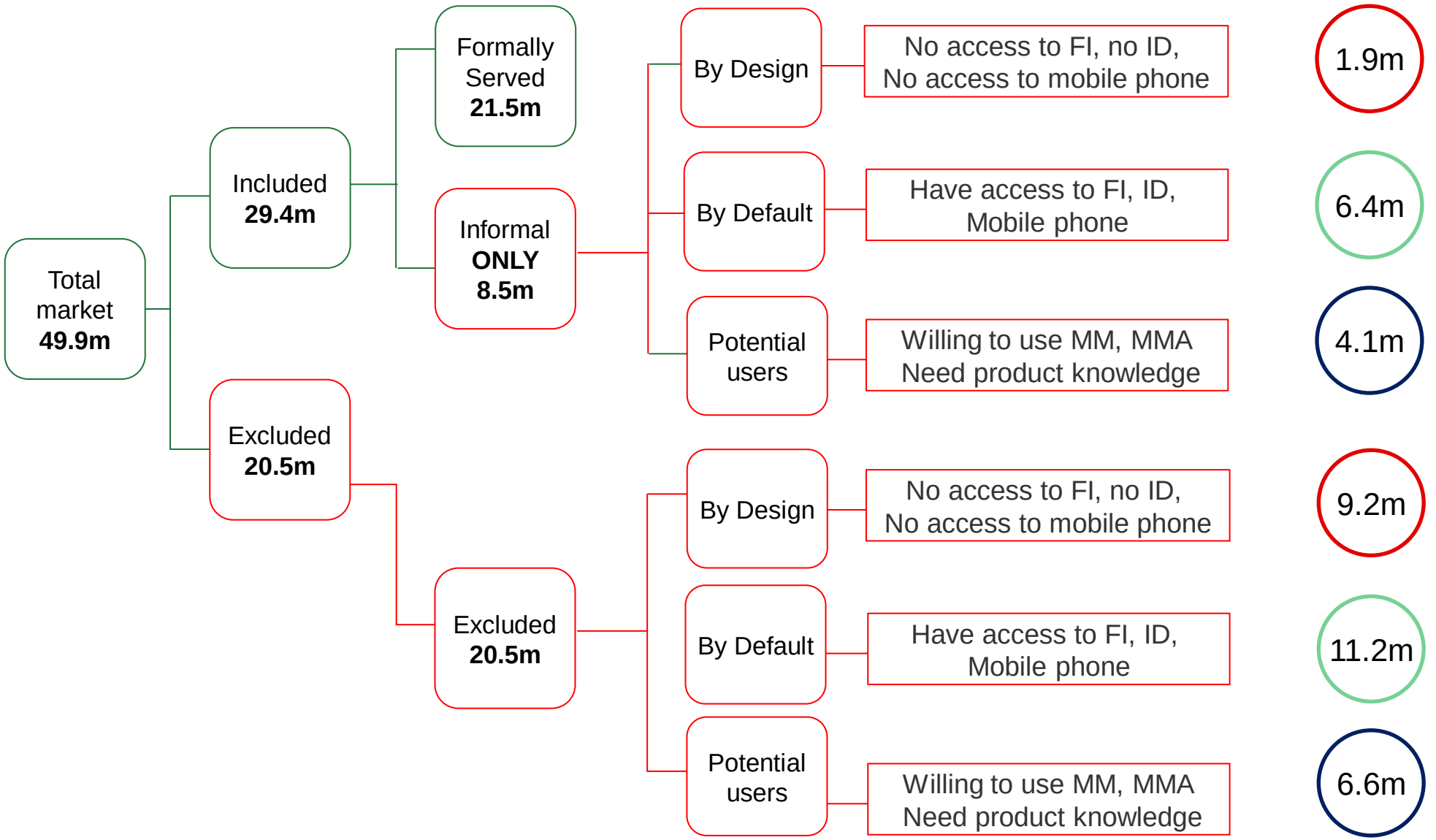
# Access Frontiers – Overall Excluded

40% of the excluded have access to neither FI nor a mobile phone



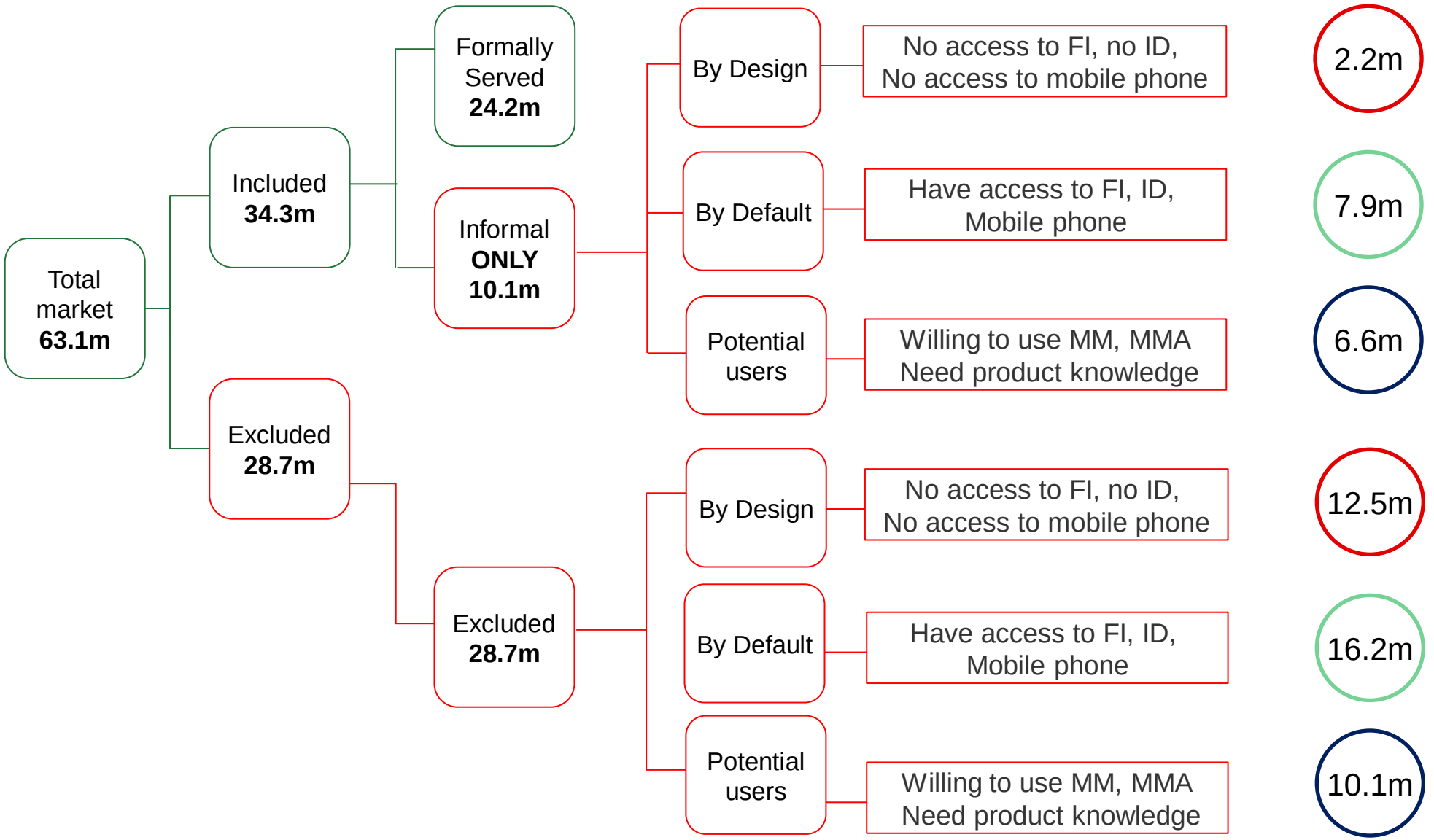

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Access Frontiers – Women



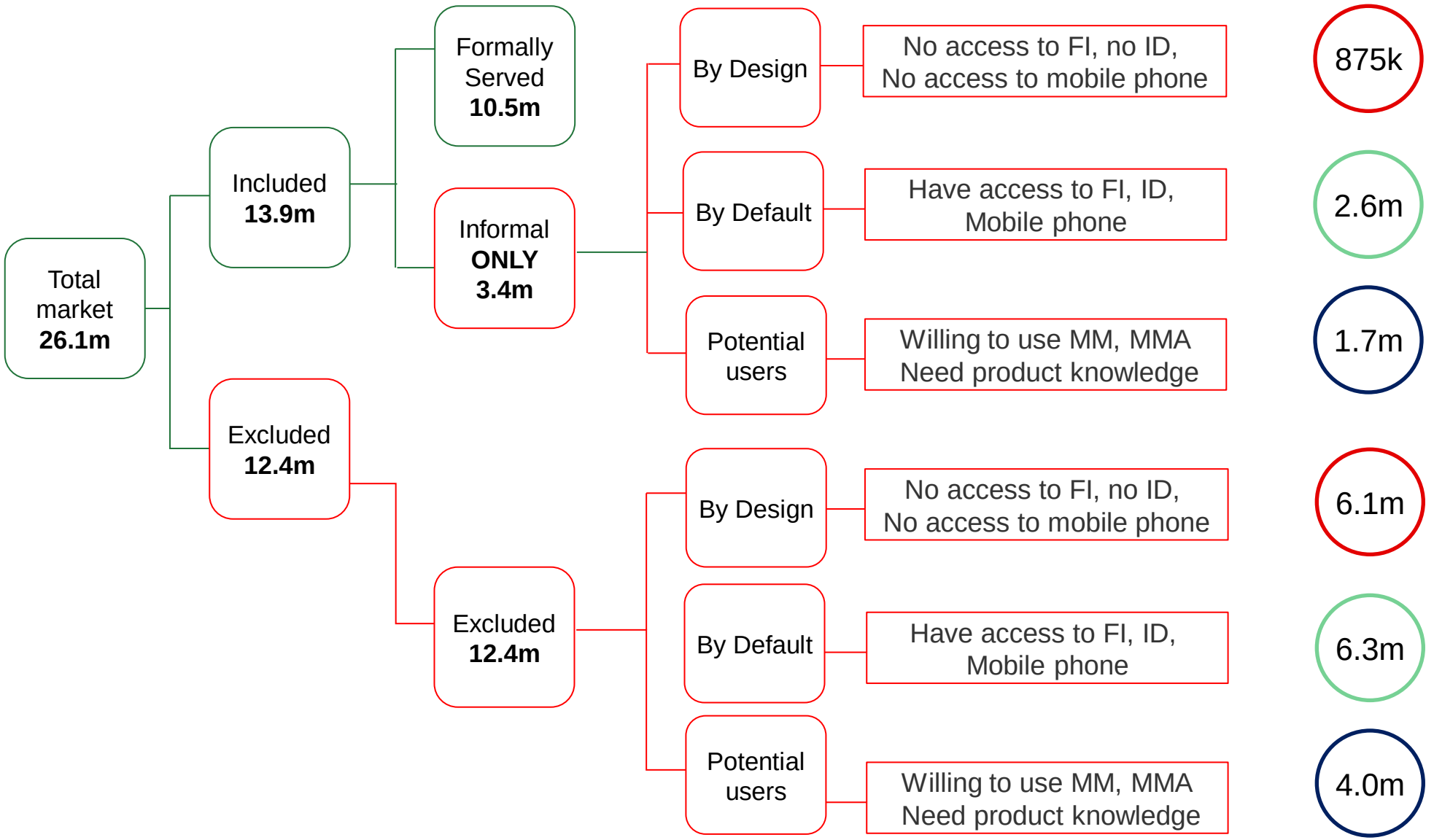

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Access Frontiers – Rural population



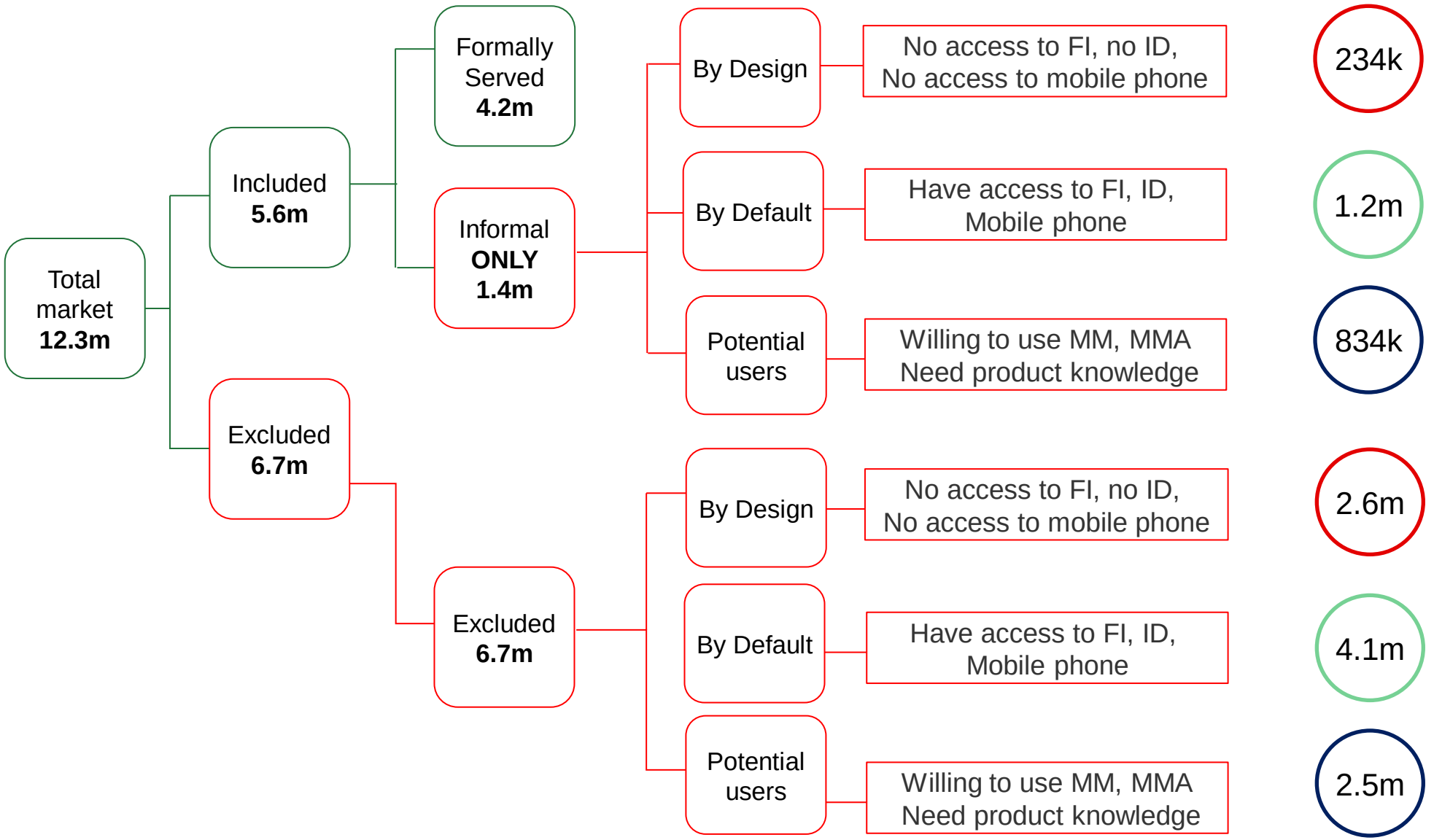

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Access Frontiers – Youth



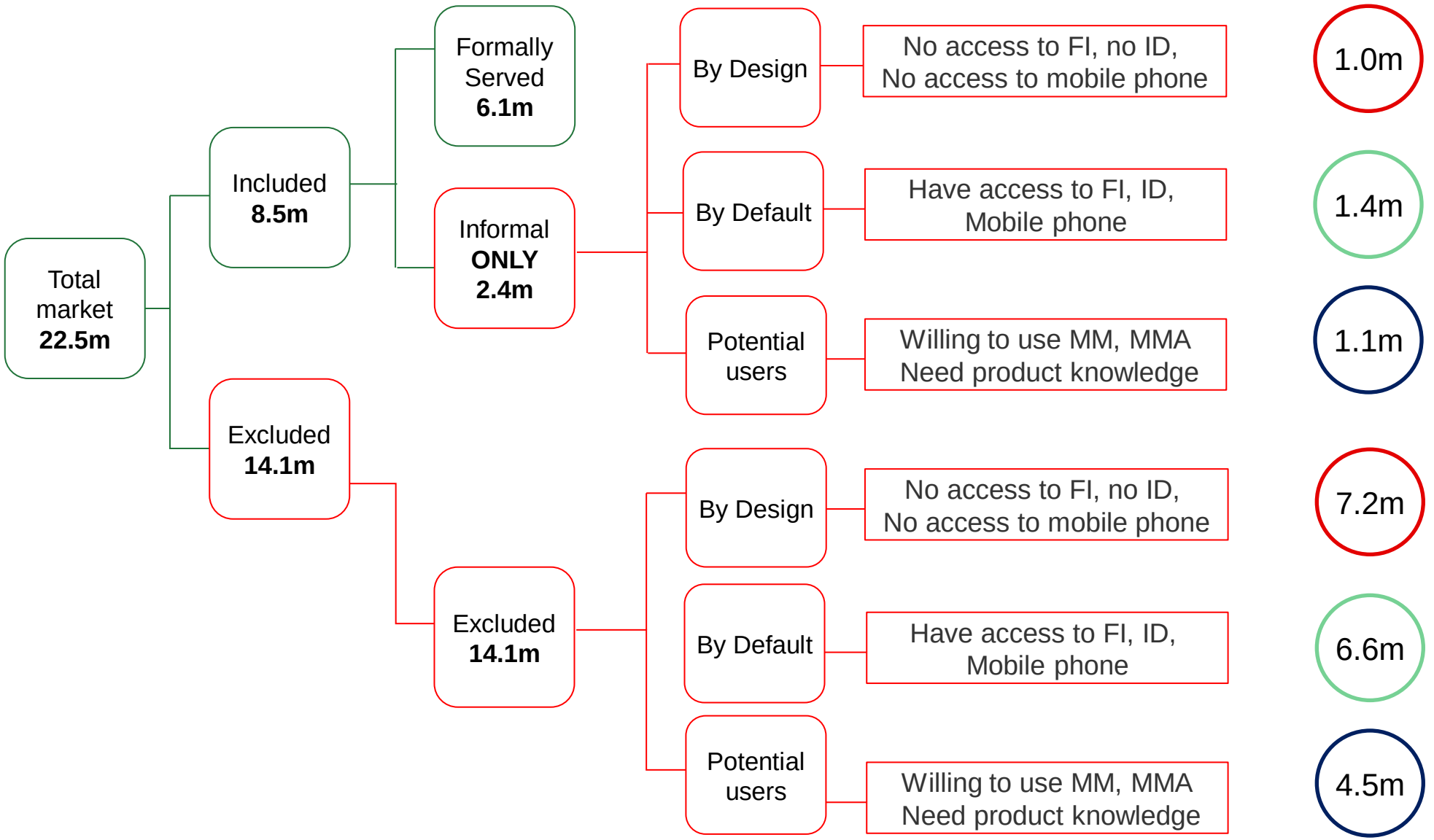

*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Access Frontiers – North East




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

# Access Frontiers – North West




*Source: EFInA Access to Financial Services in Nigeria 2018 survey*

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# Key Take outs

# Key Take Outs

- Formal labour market is not absorbing enough Nigerians
- Reduction in formal employment has led to reduced disposable income and savings
- Adults resort to starting small businesses (driven by the agric sector) to survive
- Day to day expenses are the most important financial need while planning for unexpected shocks and planning for long term goals are second and third priorities respectively
- Banked population went up by 1.4% – the growth has been largely driven by transaction products
- The number of adults relying on informal financial mechanisms ONLY increased significantly – as more adults move into informal employment
- Payments are mostly cashed-based, driven by the size of the informal sector
- Digital payments increased from 12% in 2016 to 16% in 2018, driven by the deepening of financial inclusion. Mobile money usage is driven by the banked population
- Main barriers to financial inclusion remain lack of product/services, awareness and knowledge, and institutional exclusion and affordability

# Data Dissemination Options

## EFInA Access to Financial Services in Nigeria 2008 / 2010 / 2012 / 2014 / 2016 / 2018 surveys

- Comprehensive database where information can be segmented in multiple dimensions, e.g., gender, geopolitical zone, age, education, etc.
- Data will be provided in SPSS or Ms Excel format
- Key findings can be downloaded from the EFInA website

## Data Options

- Data request form can be downloaded from the EFInA website
  - Full dataset
  - Limited number of variables
  - Customised analysis


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**Website**

**www.efina.org.ng**

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